Austria Sch22	Indonesia .. Rp3100	Portugal Esc100
Bahrain .. Din0.650	Israel NS3.50	S.Arabia .. Rls7.00
Belgium BFr48	Italy L1600	Singapore .. S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils.500	Sri Lanka .. Rup30
Denmark .. DKr9.00	Kuwait Fils.500	Sweden SKr9.00
Egypt ...... E£2.25	Lebanon $L125.00	Switz SFr2.20
Finland .. Fmk7.00	Lux LFr48	Taiwan ...... NT$85
France FFr6.50	Malaysia .. Rin4.25	Thailand Bht50
Germany .. DM2.20	Mexico Pes300	Tunisia .. Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong.. HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway.. Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,456 Friday February 5 1988 D 8523 A

Greek Socialists on a tricky financial course, Page 2

World News

Chirac ahead in opinion polls

Prime Minister Jacques Chirac started to move ahead in opinion polls as the French presidential election campaign gained momentum, overtaking Raymond Barre, his rival on the right wing. Page 18

Striking UK seamen defy court order

Thousands of British seamen continued to disrupt UK ferry and freight traffic despite union leaders' instructions to comply with a High Court order and return to work.

Meanwhile a ballot of 32,500 manual workers at Ford motor plants opened the way for a national strike. **Reports, Page 8**

Thai jet shot down

A Thai fighter-bomber was shot down over the Laotian frontier and Thailand said Vietnam was directly involved in its border conflict with Laos. **Page 3**

Palestinian raid

Palestinian guerrillas crossed into Israel from Lebanon and shot dead two Israeli soldiers in an ambush. One guerrilla was killed and another wounded and captured. **Page 3; Deportees' voyage cancelled, Page 2; US peace initiative, Page 18**

Chemical arms call

The foreign ministers of West Germany and Italy called in Geneva for work on a treaty banning chemical weapons to be completed by the end of the year. **Page 2**

Cuban conditions

Cuba said it would begin withdrawing its troops from Angola only after South Africa pulled out its soldiers and ended its rule of South West Africa (Namibia).

Polish demonstration

Club-wielding Polish riot police broke up an anti-price hike demonstration by hundreds of Solidarity supporters following a Roman Catholic Mass at a Gdansk church attended by union leader Lech Walesa, opposition sources said.

Goria on a thread

Giovanni Goria's Italian Government was hanging by a thread, uncertain whether it would win parliamentary approval for its budget. **Page 2**

Zambia aid blocked

The US halted fresh development aid to Zambia until Lusaka started repaying nearly $4m in debt arrears.

EC 'dating service'

The European Commission was to become marriage broker to help small and medium-sized companies in poorer regions of the Community forge links with other EC enterprises. **Page 2**

Malaria on increase

The incidence of malaria in the central African state of Rwanda increased fivefold – from 1,948 cases per 100,000 people in 1976 to 10,331 cases in 1987.

Bank jobs 'threatened'

Up to 75,000 people working in London and New York financial sectors could lose their jobs in the wake of last October's world stock market crash, a senior international banker said in Zurich.

Noriega indictment

US federal prosecutors put the final touches to an indictment against Panamanian ruler Gen Manuel Antonio Noriega on drug smuggling and racketeering charges. **Page 5**

Nigerian births plan

The ruling council of Nigeria's military Government approved a population policy which could limit mothers to four children, Justice Minister Bola Ajibola said.

Business Summary

New twist in battle for Société Générale

A MAJOR new combatant entered the battle for Société Générale de Belgique last night when Compagnie Financière de Suez, recently privatised French financial group, announced that it held a 10 per cent stake in Belgium's most powerful business concern. **Pages 18; Background, Page 22**

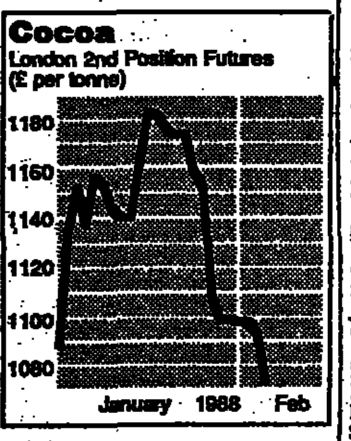
BARCLAYS de Zoete Wedd, investment banking arm of Barclays bank of the UK, has offered early leaving terms amounting to millions of pounds to 16 former partners of De Zoete & Bevan and Wedd Durlacher, London stock market firms it bought to create BZW. **Page 19**

CHRYSLER, US motor manufacturer, increased profits by only 8 per cent in the fourth quarter, despite a 29 per cent advance in sales. **Page 19**

MATRA, recently privatised French defence and electronics group, was five times over-subscribed, Mr Edouard Balladur, French Finance Minister, said. **Page 19**

COCOA prices, which have fallen steadily since January, declined sharply again in London and the second position futures contract closed down £22 ($39) at £1,072 a tonne. **Page 28**

Cocoa
London 2nd Position Futures
(£ per tonne)



WALL STREET: The Dow Jones industrial average closed down 1.00 at 1,923.57. **Page 40**

TOKYO: Broad-based light buying and bargain-hunting lifted share prices in Tokyo. The Nikkei rose 113.73 to close at 23,709.10 after moving between a day's low of 23,583.24 and a high of 23,775.90. **Page 40**

LONDON: UK equities drifted aimlessly as investors received no encouragement from Wall Street or domestic news. The FT-SE 100 index closed 0.6 higher at 1,766.9. **Page 36**

DOLLAR closed in New York at DM1.6830, FFr5.6810, SFr1.3755, Y127.90. It closed in London at DM1.6905 (DM1.6880); FFr5.7025 (FFr5.6925); SFr1.3820 (SFr1.3795); and Y128.50 (Y127.90). **Page 29**

STERLING closed in New York at 1.7695. It closed in London at $1.7625 ($1.7675); DM2.9800 (DM2.9825); FFr10.0500 (FFr10.0625); SFr2.4350 (SFr2.4375); and Y226.50 (Y226.00). **Page 29**

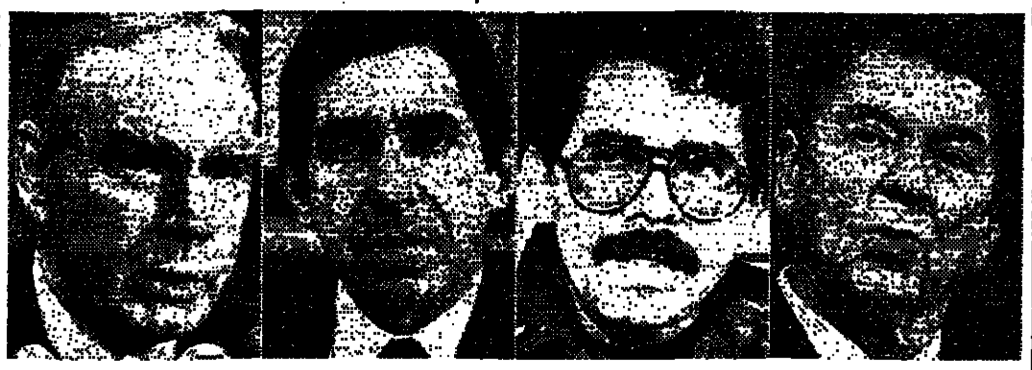
EASTMAN KODAK, photographic group, under strong selling pressure since it launched a $5.1bn bid for Sterling Drug last month, has produced a sharp recovery in fourth-quarter net results – although its stock price fell further. **Page 19**

DAIHATSU, Japanese vehicle manufacturer, reported a 29 per cent jump in pre-tax profits for the six months ended December. **Page 21**

KLM, Royal Dutch Airline, surprised the Amsterdam stock market by announcing a 58 per cent rise in third-quarter profits. **Page 22**

CARLSBERG, Danish brewer, is the first foreign beer group to acquire a brewery in West Germany. **Page 22**

GANNETT, big US news media group, reported a 20 per cent advance in net earnings in the fourth quarter, as USA Today, its nationwide daily newspaper, moved into profit for the first time. **Page 19**



The main players: Wright, Arias, Ortega and Reagan

Defiant Reagan vows to continue seeking aid to Contra rebels

BY LIONEL BARBER IN WASHINGTON

PRESIDENT RONALD Reagan vowed to continue fighting for aid to the Nicaraguan Contra rebels and blasted a Congressional vote which cut off US funding.

Mr Reagan, grim-faced as he left a religious assembly, was asked what he intended to do for the Contras after last Wednesday night's narrow defeat in the House of Representatives. "Help 'em," he replied.

The White House's options are limited because, under House rules, the defeat removes any guarantee of a further Congressional vote on Contra aid, the issue which Mr Reagan has made a bench-mark of his presidency.

The vote ranks as probably the worst foreign policy reverse for the President of his seven-year Administration.

Mr Marlin Fitzwater, Mr Reagan's chief spokesman, said the House vote "undercuts the efforts of those brave (Contra) men and women at a critical juncture in the Central American peace process."

He indicated that Mr Reagan intended to hold Congress's hand to the fire, pressuring lawmakers to determine if the Sandinista Government is complying with the regional peace plan which calls for an end to foreign aid to insurgents and democratic reforms.

In Nicaragua, President Daniel Ortega, said the 219-211 vote rejecting President Reagan's request for $36.2m new aid – including a token $3.6m lethal assistance – was a vote of hope but it did not signal an end to the civil war.

"It should help the peace plan become a reality," he said.

In Managua, the Sandinista newspaper Barricada yesterday hailed the rejection, but warned that President Reagan would study "new forms of aggression."

The state-run Radio La Primerisima broadcast a call to the Contras early yesterday to lay down their arms. "It's useless. It is time to save your life," the broadcast said.

House Democrats rejected Mr Reagan's long-standing argument that the Contras are a vital bulwark against communist expansion in Central America.

Their view prevailed that more US aid could undermine prospects for a ceasefire between the Contras and the Sandinista Government.

Democrats have pledged to introduce an alternative package of humanitarian aid for the Contras. But Mr Fitzwater called the proposal "little more than a refugee plan."

The Contras put a brave face yesterday on the aid cut-off and vowed to continue their six-year-long war against the Sandinista Government.

The vote however casts doubt on the ability of the Contras to hold together their 12,000 strong army and may undermine their bargaining power in the ceasefire talks which they have just had with the Sandinistas in Costa Rica.

The Iran-Contra fiasco resulted largely because the White House, seeking to skirt a ban on US military aid to the rebels, became involved in soliciting funds from third countries and encouraging the creation of a private aid network.

Further revalations about this shadowy network surfaced in Washington yesterday.

According to published newspaper reports, Lt Col Oliver North, the central Iran-Contra character, had asked the Panamanian leader General Noriega to arrange an East bloc arms shipment to El Salvador which could then be falsely linked to the Sandinistas.

The New York Times said a dissident Panamanian and former senior adviser to General Noriega, Mr Jose Blandon, had disclosed the secret operation in an interview. Official US policy currently is to persuade General Noriega to step down from power to encourage democracy in Panama.

Vote breaks the spell

President suffers body blow writes Lionel Barber in Washington

WHEN IT finally came, after 12 hours of angry debate and weeks of high-powered lobbying, the vote on the floor of the House of Representatives amounted to the worst foreign policy defeat of Mr Ronald Reagan's presidency.

By turning down, albeit narrowly, Mr Reagan's request for $36.2m of new aid to the Nicaraguan Contra rebels, the Democrat majority in the House finally broke the spell cast by the Reagan Doctrine: the argument that only Contra support can avert Central America becoming communist and a red tide washing ashore at San Diego.

Mr Reagan has used the argument to devastating effect in his dealings with the Congress, snatching a Contra aid victory in 1985, for example, where many had predicted defeat.

But the cost has been high. Unlike the Administration's foreign policy towards the Soviet Union, which enjoys broad bipartisan support, Mr Reagan's Nicaraguan effort has divided the nation.

The 219-211 vote in the House late on Wednesday night suggests those divisions remain as sharp as ever.

While 12 of 177 Republicans voted against Mr Reagan, some 50 Democrats voted, in effect, with him and went on record in support of further Contra aid.

For all the triumphant talk among the House Democrat leadership, headed by Mr Jim Wright of Texas, the victory carries risks for their party as it prepares for the presidential election in November.

Having proclaimed it is time to "give peace a chance in Central America", they have gambled on the Marxist-oriented

Continued on Page 18

Schneider's Télémécanique bid boosts shares in Paris

BY PAUL BETTS IN PARIS

SCHNEIDER, the French industrial conglomerate, said yesterday that it planned to bid for control of Télémécanique, a leading French electrical engineering and factory automation group with a stock market capitalisation of about FFr5bn ($878m).

The announcement, the terms of which are soon to be released by the French bourse association, immediately sparked renewed takeover speculation on the Paris stock market. Share prices advanced for the fourth consecutive day.

Schneider has been looking out for a large acquisition for some time as part of efforts to redeploy its industrial operations. After Creusot-Loire, its heavy engineering subsidiary, went bankrupt a few years ago, Schneider has been restructuring and redeploying its interests. This has involved the shedding of assets and efforts to reinforce other operations through acquisitions.

Schneider last year shed Jeumont-Schneider, its railway business, to Alsthom and recently sold control ofJeumont-Schneider's telephone operations to the Bosch group of West Germany.

With its proposed acquisition of Télémécanique, the group is now seeking to reinforce its operations in electrical engineering. Schneider already controls Merlin-Gérin, the electrical engineering company.

Télémécanique, with sales of FFr6.3bn and profits of FFr237m in 1986, would significantly strengthen Schneider's position in this market.

Schneider's other main core business is construction and civil engineering, where it controls the French Spie Batignolles group.

Télémécanique has been seen as a potential takeover target. As a defence, the company increased its capital last autumn and brought in friendly institutional shareholders.

However, on Wednesday about 6 per cent of the company changed hands in hectic trading on the Paris bourse. The shares rose sharply from FFr 3,489 to FFr 3,721. They were suspended yesterday.

The announcement of the hostile bid for Télémécanique also prompted active trading in Schneider shares. The big industrial conglomerate is itself regarded as a potential takeover target. About 5 per cent of Schneider shares changed hands with the company's share price rising about 6 per cent.

Coming soon after the takeover battle for Société Générale de Belgique, in which several large French financial groups are taking an active interest, the bid for Télémécanique has given a clear boost to the bourse.

After a depressing January, the main index of the bourse has gained more than 7 per cent during the last four consecutive sessions.

Malaysia's government declared 'illegal' in High Court

By Wong Sulong in Kuala Lumpur

MALAYSIA'S ruling United Malays National Organisation party led by Prime Minister Mahathir Mohamad was plunged into confusion yesterday following a High Court ruling that the party was an "illegal" organisation.

The ruling came in response to a suit by party dissidents who wanted the courts to declare void last April's party elections because of alleged invalid membership in some local party branches. The judge dismissed the petition, but ruled that the existence of illegal branches rendered the party an "illegal society" under the country's Societies Act.

While the ruling will not affect Dr Mahathir's position as Prime Minister for the time being, lawyers say that if the judgment is upheld on appeal in the Supreme Court, fresh party elections will have to be held at every level leading to Dr Mahathir having to stand again as party leader.

Dr Mahathir narrowly held on to the presidency of the party in last April's elections when he won by 43 votes over his challenger, Tengku Razaleigh Hamzah, former Trade and Industry Minister. After his victory Dr Mahathir tried to consolidate his position by sacking five ministers who had opposed him, which made it extremely difficult for the two factions to close ranks.

The predominantly Malay party has held power almost continuously since independence in 1957. Malays make up 55 per cent of the country's 15m-plus population. The Chinese, the economically dominant group, constitute 35 per cent.

Malaysia has a history of racial tension which started to intensify again in the latter part of last year. Dr Mahathir attempted to defuse it in November with a widespread security crackdown.

Another battle between the two main factions within the ruling party could threaten national stability.

The ruling that Umno was illegal was made by Mr Justice Harun Hashim of the Kuala Lumpur High Court. In his verdict, Justice Harun dismissed the petition brought by 11 Umno members but, by declaring the party illegal, he granted

Continued on Page 18

US renews peace effort for Mid East

BY ROBERT MAUTHNER IN LONDON AND TONY WALKER IN CAIRO

Mubarak: feels Reagan has gone back on assurances

MR RICHARD Murphy, the US Assistant Secretary of State responsible for Middle Eastern Affairs, will meet King Hussein of Jordan in Paris today to discuss the latest US Middle East peace initiative, before flying to London for talks with Sir Geoffrey Howe, the UK Foreign Secretary.

Mr Murphy's stopovers in Europe are part of a tour that will take him to several Middle Eastern states, including Syria, Saudi Arabia and Israel, where he will try to drum up support for a plan that is already causing considerable controversy.

Mr David Mellor, UK Minister of State at the Foreign Office, yesterday told journalists that the British Government welcomed the fact that the US was "re-engaged" in the Middle East peace process. However, Washington's proposals do not appear to be in line with European Community policy.

That policy, enshrined in the Venice declaration of 1980 and again in a statement issued in Brussels last year, is expected to be reaffirmed in a declaration following a meeting between King Hussein and EC foreign ministers in Bonn on Monday.

The 12 have always made clear that they consider an international conference to be the right framework for launching Middle East peace talks, a proposal that also has the support of most Arab states. However, the US has been consistently lukewarm about such a formula.

While stressing that nothing should be done to discourage the US in its attempts to breathe new life into the Middle East peace process, Mr Mellor emphasised that British policy remained unchanged. "Our support for an international conference is well known and it is not a position from which we will easily be driven," he said.

Details of the US proposals have not yet been made public, but they are understood to be tantamount to an accelerated version of the Camp David accord of 1978 on the territories occupied by Israel.

Self-rule for the Israeli-occupied West Bank and Gaza Strip would be followed within one year by negotiations between Israel, Jordan, Egypt and the Palestinians on a lasting settlement.

King Hussein said in Paris yesterday that Jordan would not take part in talks on Palestinian autonomy in the Israeli-occupied territories, as evidently proposed by the US. "I believe the only venue for negotiations is an international conference to deal with the Palestinian problem in all its aspects," he said.

Syria, where, according to some reports, Mr Murphy was due late last night, has already criticised his mission, as have Egyptian officials. The state-run Damascus Radio said that the visit would not contribute to Middle East peace efforts or improve Washington's image.

In Cairo, officials have reacted with undisguised irritation, even anger, at what they consider to be the contradictory signals emerging from Washington.

Already upset by the US veto earlier this week of the UN Security Council resolution criticising Israel's treatment of civilians in the West Bank and Gaza Strip, President Hosni Mubarak feels that President Reagan has gone back on the assurances given to him during a recent visit to Washington.

The US veto of the relatively mild draft resolution supported by all other Security Council members, including Britain and France, is seen here as a particularly antagonistic act because it came within days of President Mubarak's visit to Washington.

Moreover, according to Egyptian officials President Reagan had given qualified support to an Egyptian initiative that called for a six-month "cooling-off" period in the West Bank and Gaza, in return for Israeli agreement to participate in an international peace conference.

The latest attempt by the US to revive some elements of the Camp David accords are seen in Cairo as a device to take pressure off Israel at a time when it is facing its most serious challenge in more than 20 years

Israelis killed, Page 3

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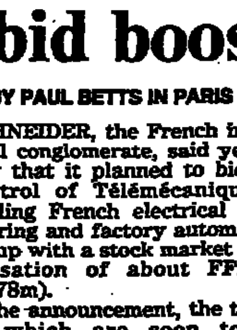

INDONESIA ACTS TO STAMP OUT RAMPANT CORRUPTION

President Suharto is urging youth leaders to be the "eyes and ears of the authorities," Page 18

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25 5/8	14	AAR s	.36	2.0	16	852	18 1/2	17 1/2	18	+1/8
32 1/2	21	AFG s	.16	.7	11	329	24 3/4	24 3/8	24 1/2	+1/8
27	10 1/2	AGS s			12	183	14 1/2	13 5/8	13 5/8	-1/4
10 1/2	6 1/4	AMCA			16	61	6 1/8	d 6 1/8	6 1/8	-1/8
9 5/8	3 1/4	AM Intl			29	9294	4 1/4	3 3/4	4 1/8	+1/4
65 1/2	26 3/4	AMR			11	1091	36 3/4	35 5/8	35 3/4	-3/4
12 1/4	6 5/8	ARX s			8	60	8 1/8	7 3/4	8	-1/8
73 1/2	39 1/2	ASA	2a	4.5		1662	44 7/8	43 1/4	44 5/8	-5/8
22 5/8	9 1/2	AVX			17	320	13 5/8	13 1/8	13 1/8	-3/8
67	40	AbtLab	1	2.1	17	3233	48 3/4	47 3/8	47 1/2	-1
28	15 3/8	Abitibi g				7	20	19 3/4	19 3/4	-1/8
16 3/4	8 1/2	AcmeC	.40	3.6		41	11 1/2	11 1/8	11 1/4	-1/8
10 1/2	6 3/4	AcmeE	.32b	3.7	24	18	8 3/4	8 5/8	8 3/4	+1/4
20	14 1/8	AdaEx	3.05e	19.		63	16	15 5/8	16	+1/4
19 1/2	6 7/8	AdamMl	.24	2.2	8	175	11 1/4	10 3/4	10 7/8	
24 7/8	7 1/2	AMD				2852	9 7/8	9 3/8	9 1/2	-1/4
56 3/4	29 1/4	AMD pf	3	9.2		157	33 1/4	32 1/2	32 1/2	-1/2
11 7/8	4 5/8	Adobe			10	468	6 1/8	5 7/8	5 7/8	-1/4
20 1/2	16 1/4	Adob pf	1.84	11.		34	17 3/8	17 1/8	17 1/8	-1/4
21 7/8	17 1/2	Adob pf	2.40	12.		7	20 1/4	20 1/8	20 1/8	
15	6 5/8	Advest	.12a	1.7	7	32	7 1/8	7	7	
68 1/4	43 1/2	AetnLf	2.76	5.6	7	2641	49 7/8	48 3/4	48 7/8	-3/4
63 1/2	41	AflPub	.40	.7	9	602	56 1/2	55 7/8	56 1/4	+1/8
26 7/8	13	Ahmans	.88	5.1	9	8168	18 1/4	17 1/8	17 3/8	-7/8
5 3/8	1 3/4	Aileen				45	2	2	2	
53 7/8	29	AirPrd	1	2.4	13	1304	42 7/8	41 1/8	41 1/8	-3/8
36	11 1/8	AirbFrt	.60	4.2	9	796	14 1/2	13 3/4	14 1/4	+3/8
16 1/2	8 3/4	Airgas			15	77	10 3/4	10 3/8	10 1/2	-1/4
19 1/2	13 1/2	Airlease	2.16e	12.	10	15	18 3/4	18 1/2	18 1/2	-1/8
15-32	5-16	AlMoan			38	10	3/8	3/8	3/8	
27 3/4	25 3/4	AlaP pf	2.04e	7.8		14	26	25 7/8	26	-1/8
10 3/4	7 3/8	AlaP dpf	.87	9.2		6	9 1/2	9 1/2	9 1/2	
110 1/2	103 1/2	AlaP pf	11	10.		z30	108	108	108	
108	86 1/2	AlaP pf	9.44	9.6		z50	98 1/4	98 1/4	98 1/4	-1/2
100 3/4	76	AlaP pf	8.16	9.1		z1020	89 3/8	88 1/2	89 3/8	+3/8
98 1/2	77	AlaP pf	8.28	9.7		z810	85 1/8	85	85	
27 7/8	12 1/4	AlskAir	.16	1.1	19	669	15	14 5/8	14 3/4	-1/8
28 1/4	14 3/4	Alberto	.30	1.2	16	200	25 3/8	24 1/2	24 5/8	-1/4
24	12 5/8	AlbCulA	.30	1.6	13	130	19 3/4	18 3/4	19 1/4	+3/8
34	20 1/4	Albtsn s	.48	1.8	16	1555	28	27 1/4	27 1/4	-3/8
37 7/8	18	Alcan s	.45i	1.8	10	7072	25 1/4	24	24 3/8	-1/8
30	15 1/4	AlcoS s	.68	3.2	12	458	21 1/2	21	21 1/8	-3/8
32	15 7/8	AlexAlx	1	5.2	14	271	19 1/2	19 1/4	19 3/8	-1/8
59	34 3/4	Alexdr			137	8	46 5/8	46 1/2	46 5/8	+1/8
92 1/2	50 7/8	AllegCp			6	9	69 3/4	69 1/2	69 1/2	
24 3/4	2 3/8	AlgInt				3767	5	3 7/8	4 1/8	-1/2
20 1/8	5 1/4	AlgIn pr				12	8	7 1/2	7 1/2	-1/4
88 1/2	20	AlgI pfC				23	30 3/4	29 1/2	29 1/2	-1 1/2
34	15 1/8	AlgLudm	.20e	.9	10	248	21 3/4	21 1/2	21 3/4	
48 1/4	31 3/8	AllgPw	3	7.2	10	1260	41 1/2	40 3/4	41 1/2	+7/8
105 7/8	53 1/8	Allegis			12	4363	71 3/8	70 5/8	70 3/4	-1/4
19 3/8	5 1/2	AllenG				152	8 3/4	8 1/2	8 5/8	
24 7/8	9 1/4	Allen pf	1.75	14.		54	13 1/8	12 3/4	12 3/4	-3/8
44	12 3/8	AlldPd			8	42	13 1/4	13	13 1/8	+1/8
49 1/4	28	AldSgnl	.80	5.7	9	3491	32 1/2	31 1/8	31 3/4	-1/8
3 3/4	1	vjAllisC				42	1 1/4	1 1/8	1 1/4	+1/8
37 1/2	4 3/4	AlisC pf				9	6 1/2	6 1/2	6 1/2	
10 1/8	8 7/8	AlstMun	.30e	3.0		426	u10 1/4	10	10 1/8	
34 1/8	23	ALLTL	s1.52	5.2	9	175	29 1/4	28 3/4	29	+1/4
64 3/4	33 3/4	Alcoa	1.20	3.0	16	6512	40 5/8	39 1/2	39 5/8	+1/8
32	14	AmxG	n.04e	.2		846	18 7/8	18	18 1/2	-1/2
29 1/4	12 1/2	Amax			5	8769	16 1/8	15 1/4	15 3/8	-3/4
47 3/4	34	Amax pf	3	7.7		20	39	39	39	-1/4
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Continued on Page 35

Guerrillas kill Israeli soldiers in border clash

BY ANDREW WHITLEY IN THE ISRAELI-OCCUPIED GAZA STRIP

ARAB guerrillas succeeded in penetrating Israel's northern border yesterday for the second time in two weeks. In a clash with an army patrol, two Israeli soldiers and one of the guerrillas were killed.

Touring the Gaza Strip, Prime Minister Yitzhak Shamir expressed his regret at the Israeli casualties - in all, nine soldiers have been killed over the past three months following cross-border infiltrations.

But both Mr Shamir and the regional army commander, Gen. Yossi Peled, were quick to minimise the significance of the latest intrusion, which took place in the Galilee Panhandle - the same area as the two previous incidents.

The mainstream PLO Fatah faction later took responsibility for yesterday's action.

While the government and army high command continue to insist that the five-mile-wide "security zone" Israel holds north of its border with Lebanon has proved its worth, the relative ease with which Arab guerrillas have lately succeeded in crossing the heavily-defended strip may well be undermining confidence in its impermeability.

In Tel Aviv, an army spokesman said that a regular patrol had encountered a three-man guerrilla squad trying to cross the border with the aim of entering one of the nearby civilian settlements to inflict casualties or take hostages.

One of the three - all believed to have been Palestinian - was said to have surrendered without a fight. A second was intercepted some 300 yards away, and in the subsequent exchange of fire, killed one Israeli soldier and injured two others before being shot dead.

The third managed to escape back into Lebanon. One of the injured soldiers, a private, later died of his wounds, while his colleague was reported to be in a stable condition in hospital.

Gen. Yitzhak Mordechai, the southern army commander responsible for the Gaza Strip, meanwhile raised the prospect yesterday - for the first time - of gun battles between Israeli troops and Palestinians living in the occupied coastal region.

"Without doubt, there are guns and other weapons among the Gaza population, and we need to be prepared for the possibility that they will try to use them against our forces," he said.

Disclosure could delay Iran embargo

By Richard Johns

SECRET consultations concerning a UN Security Council agreement on an arms embargo against Iran could be badly set back by disclosure of the text of a British proposal on sanctions, according to Western diplomats.

They said yesterday that the UK paper, which is supported by the US and France, foresees sanctions remaining in force for two years, after which they would be reviewed.

Implicitly, its provisions would apply to both of the belligerents in the Gulf conflict in the hope that Iraq might be persuaded to cease attacks against Iranian oil traffic. Only Iran, however, is mentioned in the text and what amounts to the draft of a resolution is clearly directed at bringing about its compliance with UN Resolution 598 of last July calling for a ceasefire in the war.

The attitude of the Soviet Union and China, the other permanentmembers of the UN Security Council, to the resolution, has remained ambivalent. Both have shown reluctance to antagonise Tehran which, for its part, has shown every sign of trying to play off the two superpowers against each other.

Western diplomats fear that premature publication of the proposal will make the Soviet Union feel "boxed-in" and hamper the prospects for secret diplomacy.

Despite conflicting signals, however, the Soviet Union appears to have dropped its demand for establishment of a UN naval force in the Gulf as a condition for supporting an embargo against Iran.

Japan to test super-smart 'bank in your pocket'

BY CHRIS SHERWELL IN SYDNEY

DO YOU like counting your money? Would you like to have it all safely in your pocket? Then Visa, the bank card people, may have just the thing for you - or they will have after testing it in that toughest but wealthiest of consumer markets, Japan.

The company, which runs a payments system through an association of 17,000 banks worldwide, announced the test of its Super-Smart Card in Sydney yesterday after a meeting of directors.

First revealed four months ago, the card is billed as the start of a new era in personal electronic funds transfer. It is the same size as a credit card (if a trifle thicker), and it functions literally like a bank in your pocket.

According to the boffins at Visa and Japan's Toshiba Corporation who have spent 27 months developing it, it is a fourth-generation microchip card.

In case you don't remember, the first generation version was the humble embossed plastic card which, when launched, was difficult to get and easy to lose.

The second-generation card is what most people now have from their High Street bank. It has a magnetic stripe which encodes your name and number as a means of identification. With it came the birth of the automatic teller machine.

That card has recently been succeeded by one with a microchip in it - the kind you can use in European pay-phones. But while this can do far more, it requires a device to read the chip. It also has a limited life.

Hence the latest advance: a fully self-contained card with a stripe and a chip, an internal battery and a small calculator-like keyboard - but with no external reading device required: it has a liquid crystal display.

Holders of the Super-Smart Card can use it to carry with them up-to-date records of their cheque and savings accounts, their Visa account, their business account, even the status of investments arranged through the card-issuing bank.

"As the card is used to make a purchase or transfer funds, the account involved is automatically debited or credited, and the specifics of the transaction itself are stored for convenient access at a later date," says Mr Carl Pascarella, Visa's chief general manager for the Asia-Pacific region.

To work the card, you simply key in your number and the details of your transaction, using the buttons on the back.

Hit the Visa button and you can make a purchase on your Visa account, check past purchases and whether you've broken your limit. Even better: find the right sort of telephone, and you can call your airline and pay for your ticket there and then.

One big advantage is that the card can work off-line as a self-contained unit, authorising and processing transactions without the need for computer or telecommunications support.

You can also use it to replenish your overdraft (your bank manager permitting), and as a phone book. Later it might be able to hold personal information, like your blood group

The new card will first begin a six-month laboratory test in Japan in April. Then 2,000 cards will be issued for use in an area of Tokyo where a full support system of terminals and communications systems will be installed.

For Visa, the development represents an advance in its long-standing rivalry with Mastercharge. Visa has 156m cardholders around the world and accounts for 45 per cent of total volume in the payments card business. Like most businesses, it wants to increase its market share.

Thai aircraft shot down in border fighting with Laos

A THAI F-5E fighter-bomber was yesterday shot down during fighting over the disputed border with Laos, **Reuter reports from Bangkok.**

It was the first loss confirmed by the Thai airforce since the US-built F-5Es were first deployed on bombing raids on the frontier fighting in early December.

Thai and Laotian forces have been fighting over three disputed hills on the forested, remote frontier since last August and Thai military officials said its attacks had intensified in recent days.

Military spokesmen said Thai air strikes, which have been sporadic, resumed in earnest on Monday, particularly around hill 1,428 which is said by Thailand to be 2km inside the frontier.

Laos claimed on Tuesday to have shot down one of the F-5Es, the most advanced aircraft used by the Thai air force, but this was denied by Bangkok.

Both Thailand and the communist government in Laos, which is supported by some 40,000 Vietnamese troops and armed with Soviet weaponry, say an 80 sq km strip including three hills in the Ban Romklao area is on their territory.

Thai military spokesmen said army units, picking their way through minefields and under mortar fire, recaptured two of the hills this week and were advancing on the third under air cover.

Laos has accused Thailand of using chemical weapons and cluster bombs to try to clear the inaccessible area, although Bangkok denied this and there has been no independent evidence.

Laos Radio said on Wednesday that Thai artillery barrages had landed in Laotian villages 30km inside Laos.

Thai officials declined to give details about casualties, but military sources said troops were being taken to hospitals every day, many injured by mines.

Relations between Thailand and Laos, which are culturally and historically linked, have been tense since the communist takeover in Vientiane in 1975.

Laos, a country of just over 3m people, has about 20 Soviet-made MiG-21 fighters. Thailand, with some 55m people, can put about 40 F-5Es as well as several squadrons of less advanced ground attack aircraft into the air.

Both sides have said they want to negotiate a settlement, but cannot agree on the conditions for such talks.

Laos, one of the world's poorest states, depends heavily on Thailand for its trade with non-communist markets, and draws much of hard currency revenue from electricity exports to its southern neighbour.

Australian car designers pin hopes on new model

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIAN motor manufacturing design and production faces a crucial test from today when Ford Australia, commercially the country's most successful vehicle company this decade, launches a new range of its most profitable car, the Falcon.

Known as the EA26, the new Falcon has been five years in gestation and has cost some A$700m (US$500m) in investment. Billed as the only truly home-grown car in Australia, it is being manufactured under a reformed system of production for management, employees and component suppliers.

The launch comes against a troubled background of rationalisation in the highly protected Australian car industry, which has five manufacturers producing 13 different models for a small market. With sales in 1987 at a 20-year low, profitability was abysmal.

According to Ford Australia's promotion, "the sleek, aerodynamic Falcons, with their beautiful 'European-look' styling, their powerful new engines and sophisticated engineering" would carry the group into the 1990s and be crucial to its success.

The group's hopes are also pinned on the launch later this year of a new small sports car, based on the Mazda-designed Ford Laser. This is being aimed at export markets, particularly the US.

The EA26 is a replacement for the previous XF series of vehicles which first came on to the market in 1979.

Much is being made of the fact that the new Falcon is Australian-designed. Holden's new Commodore, due out later this year, will be based on a GM Opel. Toyota, Nissan and Mitusbishi models are all based on Japanese-designed cars. If it does not succeed, therefore, the EA26 is likely to be the last car of its type in Australia.

Gandhi's party narrowly wins control of Tripura

BY JOHN ELLIOTT IN NEW DELHI

MR RAJIV Gandhi's Congress (I) Party yesterday narrowly won control, from a Communist-led Left Front coalition, of the remote north-eastern Indian State of Tripura, where over 70 people were killed in terrorist attacks earlier this week.

But his party did badly in the nearby state of Meghalaya where it has failed to maintain a clear majority in the assembly, which has a long history of indecisive election results and unstable governments.

Congress (I) won only 21 seats while a new regional party, the Hill People's Union, won 19 and another three-party regional alliance won 9.

Mr Gandhi had been hoping his party would win both states to prove that his political recovery is under way. Last November, after more than two years of state election defeats, his party won its first victory in another north-eastern state, Nagaland.

In Tripura, where there is terrorist activity by tribal elements over the entry of Bangladeshi refugees, the Communist-led Left Front had ruled for 10 years.

West Bengal and Kerala are the only two other Indian states with similar Communist-led state governments. But the Congress (I) hold in Tripura is fragile because it has only won 30 seats against the Front's 27.

Mr Gandhi will be accused of encouraging the tribal agitation in Tripura, which led to last weekend's deaths, so that he could bring in the army and other national security forces to help his party at the polling stations.

Last night, the Communist Party of India (Marxist) accused him of "sending in the army to appear as protectors of the people".

Dollar under pressure in Hong Kong

THE US dollar came under temporary pressure in Hong Kong yesterday following reports from Washington that Mr James Baker, US Treasury Secretary, had asked Britain to exert pressure on the colony's administration to revalue the Hong Kong dollar, **Our Foreign and Financial Staff write.**

The US dollar slipped briefly under HK$7.80, the level to which it has been pegged since October 1983, but there was no wave of speculative selling. However, the market for forward US dollars dropped more sharply, and one Hong Kong broker said the Washington reports also contributed to the poor performance of the Hong Kong stock market yesterday.

The Hong Kong Government denied the US reports vehemently. But the US Administration has become increasingly strident in its demands for faster appreciation of the currencies of Asia's four Newly Industrialised Countries - South Korea, Hong Kong, Taiwan and Singapore - as a way of reducing their bilateral trade surpluses with the US.

Hong Kong officials insisted that no message of any kind had been received from either the British Treasury or the Prime Minister's Office calling on them to review the existing exchange rate system.

In London, the Government's official position is that it shares the concern of other members of the Group of Seven that Asia's newly-industrialised nations should be doing more to contribute to the removal of trade imbalances.

Malaysian tycoon jailed over 'Pan-Electric crisis'

BY WONG SULONG IN KUALA LUMPUR

TAN Koon Swan, former president of the Malaysian Chinese Association, the country's largest Chinese political party, and a prominent businessman, was jailed for 30 months yesterday for criminal breach of trust involving Ringgit 23m (£5m). He was also fined Ringgit 1m.

Mr Tan, 47, who had earlier served a two-year jail term in Singapore for stock market manipulation, pleaded guilty to taking the Ringgit 23m from Multi-Purpose Holdings, of which he was managing director.

The two offences are related to what is known as the "Pan-Electric crisis," which caused an unprecedented three-day closure of the Singapore and Malaysian stock markets in December 1985.

At that time, Mr Tan was in control of Pan-Electric Industries, a Singapore marine and hotel company which he used as one of his main vehicles in the stock market. Pan-Electric encountered a severe cash flow and was unable to honour its forward share contracts worth hundreds of millions of dollars.

Mr Tan had just emerged as president of the Malaysian Chinese Association, after a bitter and protracted power struggle. To save the situation, he diverted the Ringgit 23m from MPH to try to save Pan-Electric. The effort failed and the company collapsed under a pile of debts.

In mitigation, Mr Tan said he had been caught up in politics and had had no time to look after his business interests.

Iowa launches America's search for a new champion

BY STEWART FLEMING, US EDITOR IN WASHINGTON

EVERY DECEMBER since 1980, the "Bush brigade" - the core of campaign workers who helped construct Mr George Bush's narrow victory over Mr Ronald Reagan in the Iowa caucuses that year - have gathered in Des Moines for a pre-Christmas celebration. They have been keeping alive their conviction that their champion is the man the country needs as its President.

That conviction, and the wisdom of Vice President Bush's relentless pursuit of the presidency, will be put to the test on Monday when once again Iowa Republicans tramp out into the winter darkness to debate and vote on the merits of the six candidates who are running this year for the Republican Party's presidential nomination.

Iowa Democrats will also be meeting in caucus and registering their preferences among the seven pretenders to the Democratic crown.

When the results of the meetings are tallied and broadcast throughout the country, the US will have been plunged yet again into that exhaustive process which makes the selection of American presidential candidates unique among modern democracies.

Within four weeks, by March 8, when delegate selection processes for 20 states will take place, half the delegates to the Republican nominating convention in August and more than a third of the delegates to the Democratic convention in July will have been chosen.

The potential exists for one candidate in each party to so dominate the early trials of strength that he could lock up the nomination by mid-March.

But so uncertain is the outlook, political analysts are not discounting the possibility that instead of a single candidate scoring a quick knockout, the six or seven presidential contenders who survive the early rounds will suddenly discover that they are entered into a marathon, not a sprint.

This might mean that two candidates widely given no chance of occupying the White House – former televangelist Pat Robertson on the Republican side and the black Democrat Rev Jesse Jackson – could play a central role in determining who their party's champion will be.

Four years ago, when President Reagan was riding the crest of his popularity, many of his countrymen were ready to believe it when he told them America was "back" after almost two decades during which it had limped from one crisis to another.

Such blithe confidence has evaporated. Two years ago the former Democratic Governor of Virginia, Charles Robb, was warning his party that because of the threat inherent in the huge budget and trade deficits that the presidency between 1988 and 1992 could turn out to be a poisoned chalice. Since then the economy has continued to perform well, as far the American middle class is concerned, to the point that a fully fledged recession before the election now looks unlikely.

But, in the interim, the forebodings expressed by Mr Robb have deepened. Concerns about the economic outlook lead pessimists to warn that the next President might go down in history bearing the stigma of presiding over economic disaster.

There are, therefore, members of both parties who suspect that there may be a silver lining to the dark cloud should their party lose the 1988 election. On balance, the Republicans have less to fear on this score than the Democrats. The latter have won only one of the past five elections and some in the party fear that another defeat would further create the impression that the Republicans are becoming the party of the presidency.

Not only that, it would deepen the division within the Democratic Party. In all probability another loss would be traced back again to a decline in strength in the more conservative southern states.

It is not just on the economic front that challenges loom. The relative decline in American power among its Western allies, and the specific weakness which a debtor nation must endure when facing its creditors are forcing Washington to recognise that it must build more subtle relationships with its allies.

Republican Candidates

- GEORGE BUSH: Vice President, aged 63
- ROBERT DOLE: Senate Minority Leader, Kansas Senator, 64
- PIERRE DU PONT IV: former Governor of Delaware, 53
- JACK KEMP: Representative New York 31st District, 52
- ALEXANDER HAIG: former US Secretary of State, US Army General and Nato Commander, 64
- PAT ROBERTSON: former television evangelist, 57

Democratic Candidates

- BRUCE BABBITT: former Governor of Arizona, 49
- MICHAEL DUKAKIS: Governor of Massachusetts, 54
- GARY HART: former US Senator for Colorado and 1984 presidential candidate,53
- RICHARD GEPHARDT: Representative Missouri 3rd District, 46
- ALBERT GORE Jr: Senator for Tennessee, 39
- REV JESSE JACKSON: black civil rights leader and 1984 presidential candidate, 46
- PAUL SIMON: Illinois Senator,59

Just how painful an adjustment this is going to be for the world's pre-eminent superpower is evident from the rhetoric of the 13 candidates on the campaign trail hitherto. The politics of resentment, a *leitmotiv* of the American political scene since the mid-1960s, has taken on a new dimension. Both Democrats and Republicans are identifying foreign allies, their trading practices, their economic policies or their alleged refusal to share fairly the burden of the common defence, as important reasons for their country's problems.

At the centre of these political crosscurrents is the presidency itself. Mr Reagan may still escape the fate of his four predecessors and leave office neither despised nor ridiculed by a majority of American voters. But he has failed finally to achieve the goal which was within his reach in 1984 of restoring American's confidence in the office of the presidency.

The budget stalemate, Mr Reagan's inability to develop a more pragmatic relationship with Congress after the Republican loss of the Senate in 1986, and the exposure of his Administrations' disdain for Congressional prerogatives as a result of the Iran-Contra scandal, have resulted not only in the evaporation of his domestic political influence but also in a revival of the debate over how to make the presidency an effective point of consistent political leadership.

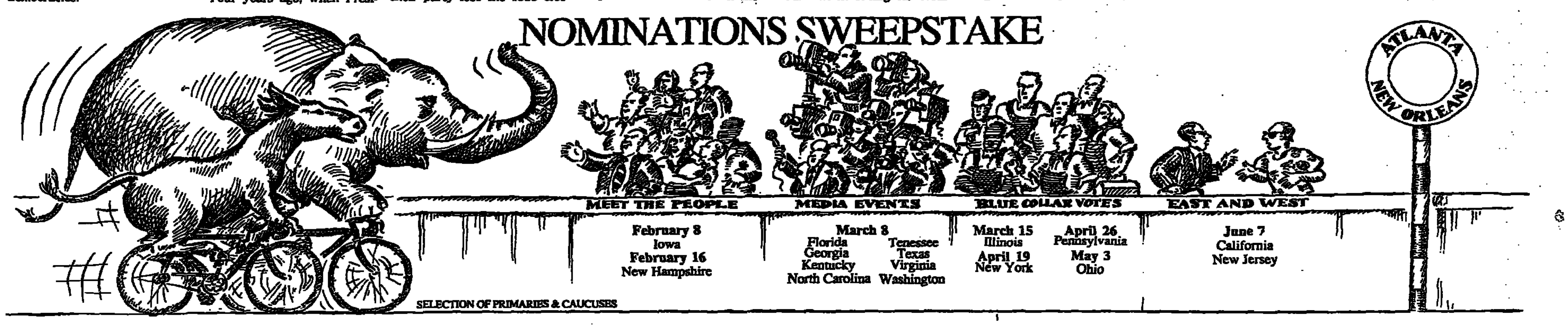
To be fair, there is not the intensity in this debate that existed at the time of Vietnam and Watergate. It is more a sense that Mr Reagan's leadership and management style, his resort to consistent Congress-bashing and the rhetorical appeals to the people through the medium of television are an inadequate style of presidential leadership. Polls are showing that voters have identified the concept of "competence" as a quality they are looking for in their next President, a finding which amounts to a rejection of Mr Reagan's perceived style of management.

Interestingly, most of the candidates are appealing to voters not with the line that they are outsiders who can sort out the "mess" in Washington, but rather that they are either Washington insiders or experienced governors of states who have learnt how to deal with the legislative branch of Government and would find ways to ensure that the President and the Congress work together. Senator Robert Dole and Governor Michael Dukakis of Massachusetts are making this sort of pitch.

The next president may indeed need to adopt a more pragmatic style of leadership in a nation where many are sensitive to the fact that all is not going well for their country and are suspicious of the diet of political hyperbole which it has been fed by Mr Reagan.

The fact remains, however, that competence alone is a faded flag around which to ask an American electorate to rally, for whatever they tell opinion pollsters, Americans are hoping too for inspiration from their President.

So far none of the candidates has found a way to offer a vision of where the country should be going in words which inspire confidence that he knows how to get there. But the weeding out of the candidates, which could begin in Iowa, should begin to sharpen the national debate.



PIG-O cash helps war-chests swell

BY LIONEL BARBER

IN CAMPAIGN lingo, it is known as PIG-O and it makes for mandatory reading for presidential campaign staff.

PIG-O stands for the Guideline for Presentation in Good Order, more familiarly known as the Federal Election Commission (FEC) rule-book. In seven chapters and 22 appendices, the manual sets out how candidates can obtain public money, so-called matching funds, for their campaigns.

Under post-Watergate election finance reforms, individual contributions are limited by law to $1,000. The FEC will match up to $250 per contribution with a ceiling per candidate during the primaries of $11m.

This year, all 14 certified candidates have benefited handsomely from the public purse. In January, the official opening month of the campaign, the FEC handed over a record $37.3m in matching funds, more than the whole of the 1984 primary campaign.

A contested Republican race has made all the difference. Mr George Bush, who has raised $18.6m in donations, faces two cash-wise challengers.

Senator Robert Dole of Kansas, an experienced fund raiser who first ran for elective office in 1951, has raised $13.8m; the Rev Pat Robertson, the former television evangelist, has exploited his ready-made electoral base among viewers to raise $14.2m - nickle and diming beside Jim and Tammy Bakker's efforts but a formidable feat nevertheless for a spoiler candidate.

Among the Democrats, no one can touch Governor Michael Dukakis of Massachusetts who raised more than $10.2m by the end of last year. He boasts about his Greek-American connections, but a wealthy home state and a well-established financial network stemming from three previous gubernatorial campaigns, have proven equally valuable.

Money buys that extra 30-second television broadcast, the top-dollar political consultants and the field staff vital to bring out registered voters in the first races in Iowa and New Hampshire. This year, says Professor Larry Sabato of the University of Virginia, candidates are spending their money on ever more sophisticated methods of winning votes.

In 1984, direct mail was all the rage. In 1988, presidential aspirants are looking more at ways to bypass the reporting media and send their message direct to voters. Among favoured techniques are satellite television feeds – which broadcast a candidate's message simultaneously to several television stations – and audiovisual targeting, the buzz-word for using cable television and six-minute-long video cassettes at $10,000 a shot, to home in on select groups of voters.

New technology has not solved the old problems of candidates failing to comply with rules on raising and spending money.

Mr Gary Hart has been dogged by accusations that a California video entrepreneur illicitly raised money on his behalf in the 1984 campaign when he almost snatched the Democrat nomination. The charge was doubly damaging because he had just re-entered the race, and many suspect rival Democrats

The spiciest Republican scandal took place in Texas, where scrutineers were alarmed to discover deceased people and, worse, registered Democrats unwittingly signed up as supporters of the Republican candidates. At least 5,000 signatures are required to get on the primary ballot in Texas, a Bush stronghold. The fraud was so blatant that Mr Pete DuPont, the Delware Governor and outside candidate, withdrew from the state.

It took the Rev Jesse Jackson to seek a more conventional route to campaign funds. Using a variation of "pass the plate", the Rev Jackson, a Democrat, sent stickers and leaflets to 500 churches of all denominations seeking contributions for an event called "Super Sunday."

For all the efforts of PIG-O, candidates routinely breach the rules and the abuses do not usually come to light until after the campaign. Sanctions are mild. The FEC remains more "Gums" than "Jaws".

GOOD ORGANISATION IS EVERYTHING IN THE RACE FOR NOMINATION

Smooth machines keep candidates running

BY STEWART FLEMING

THREE SLEEK executive jets sweep down the runway at Des Moines airport in Iowa and soar skywards in swift succession.

Governor Michael Dukakis, the Massachusetts Democrat, is off on another heavy day of campaigning, which would end on his late night return to Boston, 1,280 miles away.

For Mr Dukakis, who is running for President while trying to run the state of Massachusetts, time is precious. The hours saved by using executive jets to ferry himself, his staff and the press around on his campaign swings are invaluable.

Raising the millions of dollars necessary to travel so efficiently has been the full-time job of Mr Bob Farmer at campaign headquarters in Boston. He and some 15 professional staff have been at work for almost a year doing little else.

The highly successful operation – by December Mr Dukakis had raised $10m, more money than any other Democrat – is run by just one of several teams of campaign workers scattered around the country who make up the 300-strong Dukakis professional organisation.

They are responsible for everything: organising the Governor's travel programme, planning advertising campaigns in scores of separate media markets, polling, preparing position papers and building campaign organisations who depend on thousands of volunteers in the 22 states in which Mr Dukakis is focusing his efforts.

"Running a presidential campaign is a small business; it is not like running a Fortune 500 company. But its a very complicated one," says Mr Stephen Hess, a senior fellow at the Brookings Institution, a Washington think-tank, who specialises in presidential politics.

A good organisation alone, he says, will not win a nomination or secure election. But, a campaign manager with brilliant tactical sense can make a big difference, especially in primaries.

But it is organisation which is vital in ensuring, at the minimum, that a candidate remains competitive, particularly in fund-raising. Without it, the chances are slim that he can wage a successful battle for selection.

One only has to look at the structure of the presidential campaign this year, the pace at which events will unfold and the complexity of the environment in which the fight for the nominations will be fought, to see the significance of his point.

The hunt for delegates who will vote in the party conventions will encompass all 50 states, as well as the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

The Iowa caucuses on Monday, the first real test of strength, are themselves a good example of the complication of the process. On Monday night, voters will congregate in more than 2,487 precincts in 99 counties and spend two or three hours debating the merits of the candidates.

Perhaps as few as 100,000 voters in each party will attend an event which tends to be dominated by activists. No convention delegates will actually

Presidential campaign is a small business – but a complicated one

be chosen, since the caucuses are only the first of four stages leading to the selection of the delegates. Ensuring that supporters of your candidate get to a caucus, that they are as well prepared as possible and that the most articulate and persuasive of them speak out on his behalf, are some of the factors that will make for "victory."

The sort of detailed knowledge of the politics of key states, which most of the presidential campaigns have acquired about Iowa, is needed in other states, too.

Take Texas for example. Candidates in the Republican nomination race know that, barring the unexpected, Vice President George Bush, whose political base is Texas, has pretty much of a lock on the delegates from cities such as Dallas, Forth Worth, Huston, and San Antonio, where powerful local Republican organisations are committed to his candidacy.

They must therefore focus their resources on other areas of the state, at least initially. But they must also be ready to change gear should, for example, the Vice President suddenly fail to make an impact in the early races.

Campaign organisers must also pay attention to each state's myriad rules and regulations for selecting delegates. In the Republican primary in California in June, for example, the candidate who wins the state-wide primary vote takes all 175 delegates at stake.

In other states, the delegates are divided up according to votes in congressional districts, sometimes on a winner-takes-all basis, sometimes according to the proportion of the votes won. The Democratic convention will be attended by 643 unpledged delegates not selected in the primaries and caucuses.

The 1988 presidential election campaign is unlike any other because, as on every occasion since 1968, the rules governing the race have changed. Within three weeks of completing the single state tests in Iowa and New Hampshire, those candidates who have not been knocked out of the running by poor performances face an abrupt change of pace. On March 8, for the first time, 20 states hold caucuses or primaries on the same day, in effect plunging the survivors into a near-national election campaign.

The so-called Super Tuesday elections, involving millions of voters, are totally different from the single state two-year endurance tests which will have taken place in Iowa and New Hampshire. Campaign organisers will have to rely almost entirely on television and the other media to get their candidates' messages across.

But which states, which regions of the states, should a candidate focus on? How can he attract reporters' attention?

How will "victory " on Super Tuesday be defined and who will do the defining? Will the "winner" be the candidate who secures most of the delegates? Or is it the popular vote that matters most? Is the candidate who does "better than expected" in one region of the country likely to be declared the winner of a close set of state elections (if they are close), or the one who demonstrates strength across the country?

There will be plenty of scope for argument if no single candidate has scored a knock-out by Super Tuesday. Then, as the fight for delegates continues, a well-financed and well-oiled campaign organisation may be a key to ultimate success.

Voter apathy dogs elections

BY NANCY DUNNE IN WASHINGTON

FOR ALL the millions spent each year on political advertising and all the hoopla surrounding the protracted campaigns, the US is the democracy where the fewest citizens bother to vote.

In the 1984 presidential election, President Ronald Reagan won a "landslide" victory by actually capturing only 32 per cent of the vote. Only 53 per cent of the electorate turned out at the polls, but they gave the President 59 per cent of their votes.

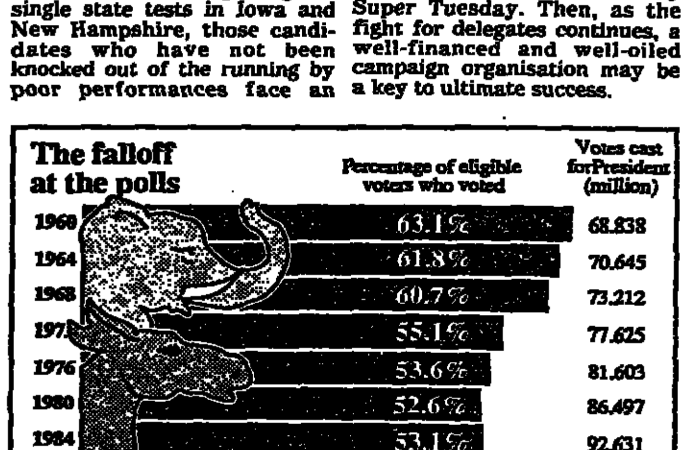
In the 1986 Congressional elections, which ultimately tipped the balance in the Senate to the Democrats, only 38 per cent of the electorate cast ballots, the lowest since the wartime election of 1942. If the more patriotic South were excluded from the figuring, then the turnout was the sparsest since 1798.

Although Americans have been unenthusiastic about exercising their right to vote in general elections, participation in selecting the parties' presidential candidates has grown in the past two decades as more states have held primaries.

General election voters tend to be more affluent, educated and older than average. Most political scientists believe primary voters to be even less representative of the population.

While the candidacy of the Rev Jesse Jackson may make a difference this time round, blacks and other minority groups do not participate in primaries at nearly the level of whites. Primary voters are also wealthier and more partisan than the total electorate.

Political scientists have been searching for reasons for the apathy among American voters. To some extent, the difficulty of registration is a factor, but more importantly, it seems that many Americans have come to believe that their votes simply won't make a difference.



Opinion polls rule campaigns

By Lionel Barber

ON THE campaign bus in Iowa, the one topic guaranteed to set reporters reaching for their portable computers is the state of the polls.

Opinion polls make news. At their crudest, they reveal who is hot and who has gone cold in a crowded field; at their best, they may illuminate the issues preoccupying the electorate.

In this year's presidential campaign, the polls have had more than their share of coverage. Scarcely a week passes without a reference to Mr George Bush and whether the public believes he is lying about his role in the Iran-Contra scandal; or whether Gary Hart has more/fewer/the same number of "new ideas" as other Democrat candidates.

The question troubling some political scientists is whether the polls are distorting the process. Mr James Thurber, director of Presidential and Congressional Studies at the American University, says: "Polls are capable of measuring concepts and attitudes, but they may also cloud issues."

In a small state like Iowa, where less than 15 per cent of voters will turn out, there are good reasons to be cautious, particularly given the nature of the Democrat caucuses.

For all the preferences voiced about candidates in earlier polls, Democrat voters on Monday night will engage in open debate and are vulnerable to changing their minds.

This fluidity is compounded by the fact that a Democrat candidate must receive at least 15 per cent of the vote within the caucus to qualify for a percentage of the state-wide vote – otherwise his supporters can cross to another candidate.

These caveats have not stopped news organisations and candidates investing several million dollars in polls. According to Ms J. Anne Selzer, of the Des Moines Register, the most important newspaper in Iowa, "Polls have been a valuable news tool and a way of examining the mood of the people and the dynamics of the campaign."

The campaigns themselves are using ever more honed polling techniques. The sharpest is probably the "tracking poll" which taps voters' sentiments over a period of days. "We look at what issues are moving them, what they think of our candidate and how they view another candidate's strength and weaknesses," says one official in Iowa.

The result is "poll wars". One candidate picks up an issue which he knows voters feel strongly about and pumps it into debate; another candidate, registering his vulnerability on that same issue on his tracking poll, hits back.

Mr Thurber says that the modern presidential campaign is now dominated by three figures other than the candidate: the campaign manager, the media specialist, and the polling specialist. Such a concentration of power undermines the prospect of more thoughtful policies emanating from a wider group such as the party and that, he warns, may in the end hurt good government.

High-tech innovations take campaigns into another dimension

LAST JULY 85 Iowa voters were asked to watch on television one of the many debates between presidential candidates. This one was taking place hundreds of miles away in Houston, Texas, writes Stewart Fleming.

Each set was fitted with a device with which to register positive and negative reactions as each candidate spoke. Their judgments were correlated instantly by computer and projected on a screen in the form of pulsating graphs superimposed on the candidate as he talked.

Mr Bill Batoff, a Philadelphia businessman, Democratic political activist and the originator of EAR (Electronic Audio Response), says quite openly that this technological marvel is not simply measuring the reaction of voters to the substance of what the candidate is saying. Its uses go much further.

"It is a combination of emotional and intellectual response. I can learn where the strength of the viewers' reaction has diminished, for example whether it was the question he was asked, his volubility, the voice inflection ...I saw where Bruce (Babbitt) got hurt by his body language...the real world is media and this is part of what the candidates are about," he adds.

The sophistication of modern communications technology, and the use the candidates are making of it, has passed beyond the understanding of the average voter.

One candidate, Senator Joe Biden, has already been driven out of the race by the impact of the visual high-tech innovations. A so-called "attack" video recording distributed by the rival campaign of Governor Michael Dukakis showed the Delaware Senator plagiarising, Mr Neil Kinnock, the British Labour Party leader.

Increasingly, too, the candidates are using television to by-pass the filtering process of normal print or television journalism. Mr Pat Robertson, the former televangelist who complains bitterly that the press misrepresents him, has bought five half-hour television advertising slots in Iowa in order to put his ideas across to voters unfiltered.

His method is an interview with a chosen journalist, thus creating the impression that what the viewer is seeing is not an advertisement even though at the beginning it has to be identified as such.

Satellite television communications are proving perhaps the most revolutionary innovation. When Senator Al Gore of Tennessee announced his candidacy last summer his campaign notified local television stations across the country of the time of the announcement and the broadcasting co-ordinates so local stations could tune in.

The candidate is thus freed of dependence on the national television networks for coverage, and, at much less cost, can also target his message at particular areas. If the local station takes it live, he also escapes the journalistic filtering process. Political consultants know that the credibility associated with a television newscast is worth volumes of paid advertising.

Only last week Americans witnessed one of the most sophisticated efforts by a campaign to exploit the power of television. Mr George Bush deliberately exposed himself to what his advisers knew would be a tough interview by the CBS News anchorman, Mr Dan Rather, in order to demonstrate that he had the capacity to be combative and forceful, attributes he is generally thought to lack.

Choosing Mr Rather was no accident either, for he is a man Republican voters love to loath. Facing the anchorman down in a heated confrontation that was picked up by all the other networks, becoming news in itself, was, in the opinion of the Vice President's supporters, a "defining moment"

This might suggest that manipulation of the media is undermining democracy. It is, of course not new; the Nixon campaign of 1968 is widely seen as having first refined the technique at a truly national level. But, reassuringly, a New York Times poll this week questioned whether the impact of such an obviously staged event had been as positive as many had initially assumed.

Predictably the poll showed Republicans tended to side with Mr Bush in the confrontation. It did not indicate, however, whether this might have helped Mr Bush in his struggle with Senator Robert Dole for the nomination.

Moreover, if Mr Bush had hoped to put to rest questions about his role in the Iran/contra scandal through the interview, the poll suggested he may have failed.

The New York Times report said that since last July there had been a striking shift even in Republican opinion against him on this score. Some 46 per cent thought he was lying about important elements of the scandal, compared with 23 per cent in July.

مكرر من الاصل

Texas acts to wind up thrift institutions

Anthony Harris in Washington examines the $7bn decline and fall of part of the US domestic savings infrastructure. A tale of imprudence and even fraud is ending with the closure in their heartland of one third of thrift institutions.

THE PLAN by the Federal Home Loan Bank to restructure the crippled Texas thrift industry, announced on Tuesday, will wind up one third of all the thrift institutions in the state.

It will also, at a cost of more than $7bn, bring an end to a grim story of imprudence and sometimes of outright fraud and corruption.

While the thrift industry throughout the US was plunged into severe problems by the enormous rise of interest rates in the 1980s, which left them paying far more to depositors than they were collecting in interest on their loans, the problem in Texas was greatly intensified by a property boom and bust. This was fed by exaggerated hopes of the oil industry and of economic development in the sunbelt. But the boom was actively fed by the thrifts themselves in an effort to find new business to recoup their past losses.

As a result, the Texas problem represents about half the total national problem, according to Mr Danny Wall, Chairman of the Home Loans Bank board. 104 of the State's 281 thrifts are deemed insolvent, with assets inadequate to cover their deposits, and a further 39 are "problem thrifts" on the edge of insolvency. The planned consolidation would reduce the total number of thrifts by more than 100.

The aim is to put problem assets into the hands of sound management, which will require heavy financial contributions from the Home Loans Bank, both to cover existing balance sheet defiencies, and to help with the continuing running losses of the problem thrifts.

A large part of the problem, the subject of a savage analysis in the current issue of Texas Business, a statewide monthly, consists of empty property which has been foreclosed. This is also a major problem for the State's banks, which are undergoing their own process of consolidation, often with out-of-State bank holding companies.

Detailed figures produced by Sheshunoff and Co, a firm of independent credit analysts, shows that in the 16 thrift worst affected, more than a quarter of their $3.7bn assets consist of repossessed property. These properties are shown in the books at acquisition cost, and unless liquidation can be fended off through the reconstruction of the industry, there would be further heavy losses on disposal.

The problem thrifts are a burden on the healthy part of the industry in a number of ways. Depositors are frightened off by the well-known scale of the problem the deposits are federally insured up to $100,000, but the Federal Savings and Loan Insurance Corporation (FSLIC) has at the moment quite inadequate resources to honour this guarantee.

While there have been some ringing political statements in support of the guarantees, there have been no budget provisions, and Texas thrifts have to pay a full percentage point above the national rate to hold their deposits. In addition, the FSLIC is under strong pressure to raise its deposit insurance premiums, which impose equal costs on sound and problem thrifts. As a result of these pressures, operating margins are painfully thin even in the solidest of them.

The result, as local growth recession, but is still in the grip of financial crisis. The rescue plan was warmly welcomed yesterday by Mr Geoffrey Leavenworth, the author of the Texas Business denunciation. "Now perhaps we can face some facts, and get some sound management," he said.

Managua hails rejection of fresh funds for rebels

THE Sandinista newspaper Barricada yesterday hailed congressional rejection of new US aid for the Contra rebels, but warned that President Ronald Reagan would study "new forms of aggression," AP reports from Managua.

State-run Radio La Primerisima broadcast a call to the Contras early yesterday to lay down their arms.

"It's useless. It is time to save your life," the broadcast said.

The only government reaction to the vote by the House of Representatives rejecting $36.2m in new rebel aid came from Mr Carlos Tunnermann, Nicaragua's ambassador in Washington.

The ambassador was interviewed by state-run radio and Nicaraguan newspapers on Wednesday night, shortly after the House vote.

"This is a congressional blow to the American policies in Central America," Mr Tunnermann was quoted as saying in Barricada.

The newspaper noted that retired US General John Singlaub, president of the anti-communist World Council for Freedom, promised to "reinitiate efforts to collect private funds for humanitarian aid and would sell defence bonds."

The pro-government newspaper El Nuevo Diario ran a headline saying: "Peace Gains Points."

But Contra leader Mr Alfonso Robelo predicted the House vote would weaken the rebels' negotiating position at next week's ceasefire talks.

"The ceasefire is supposed to be a means to set the conditions so there will be democracy in Nicaragua," he said in a telephone interview with AP from his home in San Jose, Costa Rica.

"Obviously, now that the Sandinistas know of our weakness, they will be ready to settle only for a total defeat, for a surrender of our troops," said Mr Robelo, one of six directors of the Nicaraguan Resistance.

Mr Tunnerman, speaking earlier by telephone from Washington with the government's Radio Sandino, said that the House vote could help bring peace to the war-torn region.

"We hope that based on this vote we can move ahead with the Central American peace plan, end the war and fulfill in all good faith what the peace plan includes," Mr Tunnerman said.

The plan – signed last summer by the presidents of Nicaragua, El Salvador, Guatemala, Costa Rica and Honduras – calls for ceasefires, greater democracy and the end to outside aid for insurgencies in the region.

UK compromises on Mexican loan swap

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE BANK of England has adopted a compromise position which should at least not deter British banks from participating in Mexico's bond-for-loan offer, which reaches a key point today.

Mexico's creditor banks have been asked to provide by today a waiver of existing loan clauses. If banks holding more than 50 per cent of each public sector loan do so, the country will be able to proceed with an auction on February 19. It is offering up to $10bn of bonds in exchange for existing loans, to be tendered at a discount to face value.

Banks are expected to provide the waiver. Not to do so would be seen as a snub to attempts to find new ways of chipping away at debt servicing burdens.

Provision of the waiver will carry no obligation to participate in the auction. The amount and pricing of debt likely to be tendered remains very uncertain, with most UK banks likely to put in only token bids, if any.

British bankers were told yesterday by the Bank of England that the new bonds will be treated as Mexican risk as to both principal and interest even though principal repayment on the 20-year securities will be collateralised by a special issue of nonmarketable US government securities to Mexico.

Despite this, banks holding the bonds as long-term investments will not be expected in the immediate future to make new loss provisions if they hold the bonds. Banks receiving the bonds would have to take a loss larger than their existing provisions – which are probably about 18 per cent for Mexico. The Bank is understood to feel that it would be unfair to make them take a further hit on the new holdings.

The Bank's decision contrasts with that of the US authorities which regard the Mexican bonds as US risk. However, the Bank has adopted a more accommodative position than the US on the valuation of loans not exchanged.

Influencing the Bank's decision on the new bonds was the expectation that they are expected to fall to a discount to face value in the market because interest payments remain Mexican risk.

US nears indictment of Noriega

FEDERAL prosecutors yesterday put the final touches on an indictment against Panamanian ruler General Manuel Antonio Noriega on drug smuggling and racketeering charges, law enforcement sources said, Reuter reports from Miami.

Gen Noriega and more than a dozen others were expected to be indicted by a grand jury in Miami yesterday, they said, but prosecutors do not plan to announce the indictment until today.

The indictment will accuse Gen Noriega of using his power to turn Panama into a haven for Colombian drug traffickers and will include allegations of involvement by Cuban President Fidel Castro, the sources said.

One high-ranking official said prosecutors in Tampa were rushing to conclude a separate grand jury probe of Gen Noriega's alleged drug links and may issue an indictment in tandem with Miami investigators.

Along with Gen Noriega, the Miami indictment will name up to 14 other defendants, including Panamanian officials and alleged Colombian smugglers.

Officials said it was doubtful Gen Noriega and the other Panamanians would be brought to Miami to stand trial.

CBO estimates '$30bn spending cuts'

BY ANTHONY HARRIS IN WASHINGTON

THE Congressional Budget Office estimates that more than $30bn of additional spending cuts or revenues will be required to keep the federal deficit in 1988/9 within its statutory limits under the Gramm-Rudman legislation.

In its first official budget forecast this year it estimates the "baseline" deficit at $176bn, compared with the Gramm-Rudman ceiling of $136bn. This projection is based on forecast real US growth of 1.8 per cent in 1988, recovering to 2.6 percent in 1989.

It also projects an even bigger gap in 1989/90, with a projected deficit of $167bn, compared with a Gramm-Rudman ceiling of $100bn. If these projections are confirmed when the CBO produces its summer forecasts, then the deficit-reduction package agreed in December will prove wholly inadequate.

Under the Gramm-Rudman procedures, spending is cut through automatic sequestrations, which tend to bear heavily on defence, unless the deficit projected by the CBO and the Administratation falls within the legislated ceiling. The key figure is a compromise between the two projections at mid year.

The new CBO projections are higher than most analysts expected then. The main reasons seems to be the lower growth projection, reflecting the current consensus that there will be an inventory turndown in the first half of 1988.

The CBO also observes that while the stock market crash last October led to an immediate relaxation in monetary policy, this caused a further devaluation of the dollar, which is expected to cause higher inflation by the final quarter of 1988.

It expects that inflation, running at just under 5 per cent through the second half of 1988 and the whole of 1989, will raise the cost of federal borrowing to 6.7 per cent in the bill market, a rise of 0.5 per cent from recent level.

W Germany forecasts decline in surplus

WEST GERMAN Finance Minister Gerhard Stoltenberg yesterday predicted a sharp decline in his country's trade surplus, AP reports from Washington.

A fall in the West German surplus – often criticised by the US – would mean an increase in imports from the US and a drop in the record US trade deficit. That deficit, and the federal budget deficit that has gone with it, are among the major worries of President Ronald Reagan's Administration.

Mr Stoltenberg had a long talk and lunch with Treasury Secretary James A. Baker III, and met with Mr Alan Greenspan, head of the US Federal Reserve System. He said he would speak yesterday with Mr Howard Baker, Mr Reagan's chief of staff.

He said that West Germany's trade surplus has declined in real terms, but that it was not reflected in dollar values because of the high value of the mark against the dollar.

A decline in the surplus implies a rise in West German imports, including the increased imports from the US that the Reagan Administration would like to see.

"I told Baker we want to make a contribution to this," said Mr Stoltenberg. "The West German Government and the coalition parties (which make up the government) are agreed that liberalisation of our communications market will begin in the first half of 1988 and it is the will of the coalition that it should come to a relatively rapid completion."

The West German Government's Post Office has tight control of telegraphs and telephones as well as mail services. It buys hundreds of millions of dollars worth of equipment a year, some of which US manufacturers would like to supply. US manufacturers also want to sell more software for computer communications in West Germany.

Mr Stoltenberg said he hoped that the opening of West German markets will figure in congressional discussion of trade, and counter tendencies toward protectionism – measures to favour US industry by keeping out imports.

"I start with the assumption that the US Administration will hold to and strengthen its position against protectionist legislation," he said. "I greatly welcome that."

He stressed the importance of stable exchange rates, welcoming the recent statement by Mr Reagan and Japanese Prime Minister Noboru Takeshita that a further decline of the dollar would be counter-productive. A further decline of the dollar would hurt West German exports.

Mr Stoltenberg said US exports are increasing in real terms at about 15 per cent a year. Mr Reagan's Administration has reported the development of US trade in much the same terms as Mr Stoltenberg used about the West German surplus: that the US deficit is declining in real terms and that this decline is not yet reflected in terms of dollar values, but will be.

Mr Stoltenberg also had appointments with Mr Michel Camdessus, managing director of the International Monetary Fund, Mr Barber B. Conable, President of the World Bank and Senator Bill Bradley of New Jersey – all of whom are deeply involved with problems of Third World debt.

Carlucci reassures on Europe

By John Wyles in Rome

MR Frank Carlucci, the US Defence Secretary, yesterday sought to allay European anxieties about the strength of America's commitment to defending its allies on the continent. The Reagan Administration "does not want to withdraw one soldier, nor one weapon," he said.

He was speaking after taking soundings with Mr Valerio Zanone, the Italian Defence Minister, on Italy's readiness to accommodate the 72 F-16 fighter bombers which under a recent agreement between the US and Spain have to be withdrawn from the Torrejon base near Madrid within three years.

While stressing that the question must utlimately be resolved in Nato and that Rome was not being formally requested to accept the redeployed force, Mr Zanone confirmed that Italy was ready to give serious consideration to the matter.

Both the US and Italy regard the bomber force as vital for the defence of Nato's southern flank and Mr Carlucci stressed that Washington had no desire to withdraw the aircraft back to the US. "The US has no desire to weaken its power in Europe," he said at a press conference afterwards.

He confirmed that the US was asking Nato to meet the costs of redeploying the aircraft, but he offered no estimate as to what they might be.

WORLD TRADE NEWS

Exporters back Hyundai in EC freight cost row

Kevin Brown on calls to reject a complaint by shipping lines of undercutting by the South Koreans

THE EUROPEAN Commission is coming under strong pressure from exporters to reject an anti-dumping complaint by Community shipowners against Hyundai Merchant Marine of South Korea.

The Commission is investigating claims by eight EC shipping lines that Hyundai is unfairly undercutting established freight rates between Europe and Australia.

The investigation is the first test of the EC's willingness to extend its anti-dumping powers to shipping, and could set the tone for future action against subsidised Eastern bloc shipping.

If the Commission decides the complaint is justified, it has powers to set a European norm for the route, and impose penalties to bring Hyundai's charges into line.

However, exporters' organisations in several European countries have told the Commission that action against Hyundai would be both unjust and against the wider interests of the Community.

Support for Hyundai is being led by the shippers' (exporters') councils in West Germany and the UK, with backing from Denmark, the Netherlands and Belgium.

In unpublished evidence to the Commission, the shippers say the Hyundai service has boosted Community exports by making some low-value goods competitive in the Australian market.

The British Shippers' Council says Hyundai "has allowed Community industries to penetrate markets which have been denied to them in the past because of the level of freight rates."

"Any penalties imposed on Hyundai would have serious widespread effects on such industries."

This view is echoed by DSVK, the German Shippers' Council, which says action against Hyundai would distort competition to the disadvantage of European industry, and "clearly harm the competitiveness of German goods in the Australian market."

The shippers claim the shipowners' complaint is principally an attempt to maintain the price domination of the Continent-Australia Conference.

This is a group of eight EC companies, together with Soviet, Australian and Scandinavian lines, which carries around 80 per cent of Europe-Australia seaborne trade.

"In such a market situation, any restriction on the independent pricing policy of a non-conference line amounts to safeguarding the price-leadership of the cartel," the DSVK evidence says.

DSVK also claims the shipowners' complaint is misleading because it compares Hyundai with the best service offered by the conference lines, rather than with the existing cheap services operated by outsiders such as Jebsens and Gearbulk.

"While it is in line with the traditional conference philosophy to bring different service standards under the same price within the framework of the cartel, such anti-market criteria cannot claim validity outside the cartel," it says.

The shippers say Hyundai's low rates are a reflection of its slower service, which calls at several Pacific islands not visited by conference lines, together with introductory discounts which are being phased out.

They say overall freight levels to Australia have fallen because of a decline in volume rather than because conference lines have been forced to respond to Hyundai's rates.

"It probably takes a cartel mind to pick a particular supplier as culprit and to hold him accountable for price trends that are perfectly in line with the market," DSVK says.

The shippers reject suggestions that Hyundai has benefited from Korean cargo preference, but say they cannot judge whether it has received government subsidies, as the shipowners claim.

They point out, however, that several European shipping lines have had ships built in low-cost Korean shipyards.

The British Shippers' Council also asks the Commission to remember that one of the conference lines which would benefit from action against Hyundai is the Soviet-owned Baltic Shipping Company, which "might occasionally benefit from advantages which may be regarded as not wholly commercial."

The Council adds: "In such troubled waters, it might appear somewhat peculiar to the outside world if the Commission were to be seen to be assisting the participation of one state-subsidised non-EC shipping line in a cartelised trade by penalising another non-EC shipping line – Hyundai – which is independent."

European lines had ships built in low-cost Korean yards

Honda likely to beat Rover in car launch

BY JOHN GRIFFITHS

HONDA said yesterday it is to launch at the end of this summer its version of a medium-sized car being developed jointly with the UK's Rover Group. This would be about nine months before Rover's equivalent model, code-named R8, is due to be launched in Britain .

Honda said its model, previously code-named YY, would be called the Concerto, and launched in Japan with a 1.5 litre engine.

A statement made in Tokyo said Honda would increase capacity at its Suzuka plant to 2,500 a day, from 2,400, and that a part of production of its Civic model would also be shifted from Suzuka to the US to make room for Concerto output. It gave no details of planned production levels for he Concerto.

Honda's announcement appeared to take its UK collaborator by surprise. Austin Rover said it was unclear whether Honda intended actually to put the car on sale after the summer, or whether it would merely announce the car, with sales not beginning until some months later.

This was the case with the first Honda-Rover collaborative venture, the Honda Legend/Rover 800 executive car. Honda announced the Legend in October 1985, but the first buyers were unable to take delivery in Japan until the start of 1986.

As happened with the Legend/800, Honda is to build both the Concerto and the R8 in Japan, and Austin Rover will build the R8 and Concerto in the UK. Its Longbridge plant is expected to produce up to 40,000 Concertos a year for Honda to sell in the UK and on the Continent.

Honda was able to beat Rover Group into the US market by almost a year with its Legend executive car. However, Austin Rover does not appear particularly concerned by the apparant time advantage Honda has also with the Concerto. The Rover group car will consist of a full range at its launch, with a family of engines including the all-new K-series.

● The head of Peugeot of France says Japan should be forced to cut its exports to the European Community, agencies report.

Mr Jacques Calvet told a West German newspaper that Japan had exported 1.4m cars to the EC in 1987 but imported only 90,000. He said quotas should be imposed until Japan imported from the EC at least half as much it exported,in value and volume terms.

His remarks were published as the Japanese Automobile Importers Association announced that foreign vehicles sales in Japan reached a record level in January - sales of car,truck and bus imports totalled 5,957,an increase of 42.9 per cent on the year-earlier level.

Last year,imports were a record 97,974 vehicles,a rise of 43 per cent

Airbus joint project still alive

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE possibility of collaboration between the European Airbus Industrie consortium and McDonnell Douglas of the US on a long-range airliner project appears still to be alive.

Mr Sanford McDonnell, president of the US company, said in Chicago yesterday that talks with Airbus in recent months had included the question of a joint venture that would amalgamate a stretched fuselage version of the McDonnell Douglas MD-11 tri-jet with the advanced technology wing of the Airbus A-340 four-engined long-range airliner.

The aim would be to produce a very-long range airliner capable of carrying over 400 passengers,to compete with the Boeing 747 Jumbo jet in its advanced versions, such as the 747-400, recently rolled out.

"We have potentially a very viable product against the 747 with the stretched MD-11 and the Airbus wing," said Mr McDonnell. "It's extremely competitive. It's a definite possibility."

The Airbus response was cooler. It admitted that the two groups had been talking for some time and exploring a range of possible options for collaboration, but with no single project emerging as a leader.

The talks had been purely exploratory, and there was still a long way to go before there could be any collaboration on a specific venture.

This reaffirmed comments by Mr Jean Pierson, president of Airbus, in London recently. He said the European group was determined to press ahead with its A-330 twin-engined medium-range airliner and the A-340, using a common wing (built by British Aerospace), and there were no immediate plans to change that situation.

He pointed out that Airbus had been talking with both McDonnell Douglas and Lockheed of the US.

But he stressed that collaboration would have to fulfil three criteria - it would have to be profitable for both sides, equally balanced with neither side having an advantage over the other in development and production, and it would have to avoid competing with the existing Airbus product range.

This would appear to eliminate any possibility of Airbus giving up its A-340 long-range airliner project in favour of an immediate joint venture with the MD-11.

Airbus believes that the A-340 is a potential winner and that it is already taking orders away from the MD-11.

Airbus claims firm orders for 68 A-340s from eight airlines, with options on another 35 aircraft, a total of 103 aircraft. McDonnell Douglas has 29 firm orders for the MD-11 with 47 conditional orders and options, making a total of 76, with another 21 "reserve positions being held for interested customers".

India considers Soviet jets

BY JOHN ELLIOTT IN NEW DELHI

INDIA is considering buying or leasing more Soviet aircraft after a deal involving a 140-seat Soviet Ilyushin IL-62M airliner. The proposals are being looked at within the bilateral rupee trade arrangements which would save India scarce foreign exchange.

The IL-62 has been supplied to Air India by Aeroflot for flights between Delhi and Moscow on a one-year lease with pilots and cabin crew. Air India already has two leased IL-76 freighters.

A leased IL-62 passenger aircraft is also being considered for a new Delhi-Tashkent route by Indian Airlines, India's internal carrier which also serves some nearby countries.

In addition a fleet of 17-seat Antonov AN 28 turbo props manufactured in Poland is being offered, probably for sale, to the small Vayudoot feeder airline. Its price is believed to be Rs17m per aircraft, considerably less than Rs80m being paid by Vayudoot for 18-seat Dorniers from West Germany.

India has also been offered Soviet navigation and other airport control equipment. A formal protocol was signed by the two countries in New Delhi this week to extend collaboration in military aircraft, defence and industrial fields into aviation.

The proposals are part of a general attempt to step up India's purchases within the two-way rupee trade, which last year totalled some Rs40bn.

India gains because it does not have to use scarce foreign exchange, and items such as the aircraft are being offered on extremely soft financing terms. But it often has difficulty finding goods it wants.

Any widespread use of Soviet aircraft on lease using Soviet crews would be controversial and there are also reservations about performance. Indian Airlines has recently opposed a proposal to lease a 360-seater IL-86 for its busy Delhi-Bombay internal route.

Bangladesh agrees joint ventures with Italians

BY OUR CORRESPONDENT IN DHAKA

ITALIAN companies have agreed a series of joint ventures in Bangladesh following the visit last month of an Italian economic and trade delegation. Bangladesh sees the deals as a way of overcoming shortfalls in technical know-how.

The companies will focus on LPG gas cylinder production, fish processing, a leather and shoe complex, a feed meal plant, the manufacture of jute products, knitwear and textiles, and garments. Italy has also expressed interest in setting up plants to make farm machinery and tools.

Italian partners, which include Ciam Compagnia, CCID Milan, Cizzano Sn Milan, La Navetta Erato and the Casaccio and Luppi group will provide know-how, machinery, training, production assistance and technical management for three to five years. They will also be involved in marketing.

Trade between the two countries increased from $40m in 1981 to $107m last year. A trading company with public and private capital from both countries has been established in Milan to promote trade between Bangladesh and Italy and the rest of Europe.

Electrolux in S Korean joint venture

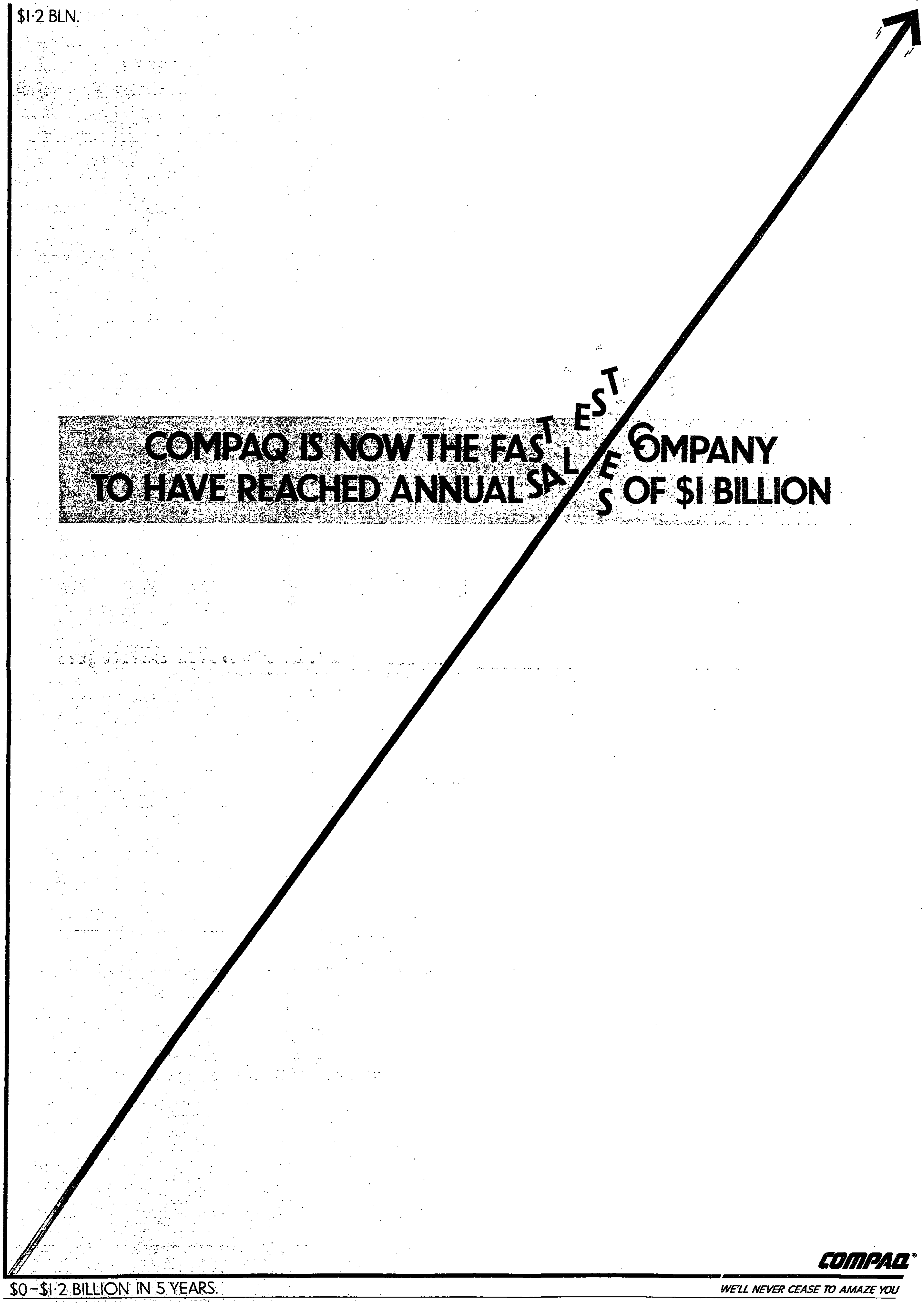
BY SARA WEBB, STOCKHOLM CORRESPONDENT

ELECTROLUX of Sweden, the world's leading white goods manufacturer and the European market leader in the manufacture of car seat belts, has agreed to set up a joint venture with Suksan Life Industries to produce and market seat belts in South Korea.

Electrolux sees South Korea as an important market for seat belts because of its domestic car industry. At the moment, Electrolux claims to have a 5 per cent share of the South Korean car seat belt market which it supplies from Europe, but is aiming to increase its market share significantly in competition with Japanese and domestic producers.

Once the joint venture starts up production later this year, Electrolux hopes that annual sales could reach $10m-$15m, representing 30 per cent of the market.

The 50-50 joint venture, called Autoliv-Klippan Korea, will cost $1.5m to set up. Electrolux said that its car seat belt sales totalled SKr1.7bn in Europe last year, representing 2.5 per cent of the group's global sales. It already has a joint venture in Japan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Ford on brink of national strike over pay

BY CHARLES LEADBEATER, LABOUR STAFF

FORD MOTOR Company's 32,500 manual workers could start a national strike from Monday, after rejecting a radical three-year pay and conditions offer, which had been recommended by national union ngeotiators.

Both Mr Jimmy Airlie, of the AEU engineering union, and Mr Mick Murphy, of the Transport and General Workers' Union, the Ford unions' chief negotiators, said it seemed increasingly likely a strike would be called.

More than 3,000 workers at the Dagenham assembly plant, east of London, who voted to reject the offer by 73 per cent, will start an indefinite strike from this morning.

With most of the votes counted, about 62 per cent of manual workers had voted to reject the offer, which includes an increase of 7 per cent in 1987-88, followed by rises worth 2.5 per cent more than the rate of inflation in the following years.

Votes among electricians, who are holding a postal ballot, and workers at the company's Southampton car plant, are yet to be counted, but will not alter the overall result.

The vote is a serious setback for the company, which described the three-year deal as a unique achievement, after it was agreed by union negotiators last Sunday. Their agreement to recommend the offer, after a split on the union negotiating team, narrowly averted a national strike planned for last Monday.

While the company will meet the unions for talks today, it seems unlikely that a dispute will be easily averted. Ford has already twice improved what in December it described as its final offer. Mr Murphy said he believed the company would not offer additional increases.

Mr Airlie said its was clear that money was no longer the main issue. The workforce wanted a shorter agreement, and objected to some of the company's working practice proposals, which include skilled men occasionally doing production line work, and the establishment of work teams headed by group leaders.

Striking seamen defy court order

BY JIMMY BURNS AND RAYMOND HUGHES

THOUSANDS OF seamen last night continued to disrupt British ferry and freight traffic in spite of an official instruction from union leaders to comply with a High Court order to go back to work.

The move appeared to dash hopes of an end to the five-day national strike and raised again the prospect of legal action involving heavy fines and sequestration of union funds.

A breakthrough seemed in sight yesterday when Mr Sam McCluskie, general secretary of the National Union of Seamen, said he had agreed after a High Court hearing to withdraw his strike call issued last weekend in support of 161 seafarers dismissed by the Isle of Man Steam Packet Company.

"We are only a small union and the whole might of the law was against us. We have only £5m assets and I am not prepared to be busted by the law," Mr McCluskie said.

Mr McCluskie had been requested to attend yesterday's hearing after the High Court had held the union in contempt of court for defying an order on Monday to end the strike. It had was held that the strike was secondary action and had been held without a secret ballot and was, therefore, illegal.

But by yesterday afternoon more than 6,000 of about 7,500 NUS members in the ferry sector remained on strike, according to the NUS. The union said the men were now involved in "local disputes" over pay and conditions with Peninsular and Oriental and Sealink UK, the ferry companies that originally sought a High Court injunction against the union. Action was continuing in several UK ports.

Pit union safety ban hardens pay row

By Charles Leadbeater

THE PAY DISPUTE between Nacods, the pits deputies union, and British Coal looks set to become increasingly hard fought, after the union yesterday declared a ban on safety and maintenance work this weekend.

This could seriously delay the start of production on Monday morning.

The union called the action in spite of a decision by the industry's National Reference Tribunal that it could rule on what pay award should be made to the 10,000 deputies.

Last Monday action a 24-hour Nacods' strike brought all but two of the corporation's 102 pits to a standstill.

Coal executives are expected to take a tough line over this weekend's overtime ban. Deputies were warned in letters issued earlier this week that weekend work was particularly important.

They were told that they may be dismissed, or have their pay docked, if they work fewer than 21 shifts in a four-week period.

● Protest action by nurses over the Government's handling of the National Health Service continued yesterday with a 24-hour strike at Ealing General Hospital, west London, which the Cohse health workers' union said was supported by 150 staff.

In Nottingham, health workers took part in a march and rally in support of higher pay and extra Government funding for the National Health Service.

Local hospitals had to postpone some routine operations.

Union leaders have warned of further action over the coming weeks unless the Government makes concessions on issues such as London weighting allowances.

Negotiations on these allowances resume today.

Hazel Duffy examines the emergence of a blueprint for a dramatic shake-up

Whitehall's radical secret emerges

JUST BEFORE the general election, Mrs Margaret Thatcher, the Prime Minister, received a radical blueprint for reforming Whitehall which, if implemented, could see the majority of Britain's civil servants – as many as 565,000 public employees – working for autonomous management boards. The civil service would be cut to a hard core of some 20,000 senior policy makers.

At the time, this report, prepared by the Efficiency Unit headed by Sir Robin Ibbs, the ICI director, was kept under the kind of wraps for which Whitehall has become legend. Rumours of its existence which circulated last autumn drew the response from Number 10 Downing Street that the ideas were being examined only on a pilot basis in a few departments and that Mrs Thatcher would consider the comments of the permanent secretaries in the departments concerned.

There was intense discussion in Whitehall during January. The rumours were that Treasury opposition, in particular, had dissuaded Mrs Thatcher from supporting the proposals, which would seem to be very much in line with her thinking on the Civil Service.

Now, it seems, Mrs Thatcher has overturned the reservations of some of the mandarins. A policy statement, together with publication probably of only parts of the report, is expected shortly. What is likely to be preserved from the original report is the concept of extending a greater degree of autonomy of management into executive functions, possibly by management boards.

The basic idea seems to have been that the executive tasks of the Civil Service – like issuing driving licences, distributing benefits, collecting Customs dues – should be hived off from Whitehall into separate, autonomous agencies.

These would have their own budgets, recruiting policies and freedom to negotiate pay rates. They would cover much of what the civil service does. A core of permanent senior grade civil servants, working on policy matters, would remain in Whitehall. But the full details of these proposals may never be known.

Whitehall has always been synonymous with secrecy, and never more so than since the furore over Spycatcher, the memoirs of former MI5 officer Mr Peter Wright which the Government has sought to suppress worldwide. The radical plan for civil service reform was prepared under a dark cloak of such secrecy.

At its inception, however, the Efficiency Unit which prepared the blueprint was the exception to the Whitehall rule. Under its previous chief, Sir Derek (now Lord) Rayner, the reports of its investigations into boosting Civil Service efficiency were mostly published.

The departure of Lord Rayner and the senior civil servants who had served under him in the unit changed all that. Most of the work carried out in the past couple of years has not been published under Sir Robin.

The need for the proposed radical reforms has been pressing on two fronts. First, the Financial Management Initiative (FMI), launched by the Prime Minister in 1984 as the means of bringing financial and management disciplines into the Civil Service, has been running out of steam.

The FMI never had – nor was it intended to have – the high profile image of the Efficiency Unit under Lord Rayner. It has had some success, though: management information systems have been improved, and the budgetary discipline has sometimes been passed down to civil servants at middle grades, to encourage them to think and behave more like managers.

But the FMI has also shown signs of strain in introducing fairly radical ideas into the bureaucracy. Many civil servants are suspicious of its intent in the belief that this has more to do with financial savings, and cutbacks, than improvement in service.

Those in charge are frustrated because their scope for rewarding improvements and increasing staff is also limited. This brings in the second main reason for change.

In many areas, the civil service is unable to recruit for its requirements. The problem is particularly acute in London and parts of the Home Counties.

There have been discussions, for instance, about all secretarial work having to be put out to agencies in these areas. The lower grades are not alone in difficulty, many senior posts are also going unfilled.

A cabinet committee will shortly consider radical plans to reshape the management of the civil service drawn up by Sir Robin Ibbs and the cabinet office Efficiency Unit, writes Peter Riddell. High on the committee's agenda will be the proposal to transfer some administrative functions to semi-independent agencies.

Sir Robin's blueprint covers both the transfer of operations to separate management boards, with their own budgets and financial disciplines, and a greater movement of staff outside London to the regions.

Following reports yesterday Government officials were stressing that final decisions have not been taken and detailed proposals have not yet come up for consideration by ministers.

There have, however, been lengthy arguments within Whitehall, with the Treasury reluctant to surrender current controls over public spending.

It is likely that any changes will be gradual with pilot schemes affecting one or two departments starting on an experimental basis and no major switch until the 1990s.

Lord Rayner

Safety risk 'lower' for Sizewell design

BY DAVID FISHLOCK, SCIENCE EDITOR

RISK OF a nuclear accident to Britain's new generation of nuclear stations based on the design of pressurised water reactor at Sizewell B, on the east coast of England, will be less than for reactors currently in operation, according to a discussion paper prepared by the Health and Safety Commission.

Provided the electricity supply industry can validate its safety case for each new nuclear site, it has plenty of scope for building a large programme of such reactors without exceeding levels of risk proposed in the paper, Mr John Rimmington, director-general of the Health and Safety Executive, said yesterday.

The Nuclear Installations Inspectorate, which licenses and regulates Britain's nuclear industry, is part of the executive.

The discussion paper fulfils an undertaking given last year, after publication of Sir Frank Layfield's report on Sizewell B, which proposed that the executive should formulate and publish guidelines on the tolerable levels of individual and social risk to workers and the public from nuclear stations.

Sir Frank said there was insufficient understanding on the public's part to form the basis for regulation of nuclear safety.

Mr Rimmington said he believed it was the first time anyone had set out the complete reasoning in lay terms for judgments on nuclear safety.

It was couched in terms that anyone who listened to radio science programmes should be able to follow, he said.

The paper proposes what levels of risk in civil nuclear regulation might reasonable be regarded as tolerable in comparison with other risks in life.

It notes that "tolerability" does not mean the same as "acceptability", but refers to "a willingness to live with the risk so as to secure certain benefits and in the confidence that it is being properly controlled."

Mr Rimmington said his executive had done enough investigation of the Bradwell nuclear station in Essex, the first of Britain's commercial nuclear stations, to believe that its safety was of the same order as Sizewell B. The older designs had very big margins of strength, he added.

● Tests of the Trawsfynydd nuclear reactor in North Wales have been postponed because of public concern.

The Central Electricity Generating Board has put off the test – which involved switching off the reactor's cooling system – after local opposition to the plan.

King to hold further meeting with Irish

BY PETER RIDDELL AND TOM LYNCH

THE British Government will next week seek to regain the initiative in its currently strained relations with the Irish Republic resulting from the "Stalker" affair.

Mr Tom King, the Northern Ireland Secretary, will hold a further meeting in the first half of the week with Irish ministers in the framework of the Anglo-Irish agreement, the accord under which Ireland is given some influence in the running of the North. This follows the lengthy and difficult session with ministers in Belfast last Tuesday.

The difficulties arise from the Government's decision not to prosecute any of the Royal Ulster Constabulary officers alleged to have obstructed the police inquiry into allegations that the security forces operated a "shoot-to-kill" policy in Ulster in 1982. This followed the report compiled successively by Mr John Stalker, former deputy chief constable of Greater Manchester and Mr Colin Sampson, chief constable of West Yorkshire.

Mr King may also next week be in a postion to make a promised House of Commons statement both on the form of any disciplinary action against the RUC officers who have allegedly attempted to subvert the course of justice in the inquiries and on changes in RUC procedures following an internal report.

British ministers hope that Mr King will be able to give the broad outlines of his intended actions to the Irish Government and so defuse the current row which is dominating political discussion in Dublin and the Irish media. This would be reinforced by an early statement to MPs.

Mrs Margaret Thatcher, the Prime Minister, is expected to discuss the position when she meets Mr Charles Haughey, her Irish counterpart, at the European Community Council in Brussels next Thursday and Friday.

Mr King apparently made a full report to the British cabinet in London yesterday. There is general agreement among ministers on the need to preserve the Anglo-Irish agreement, particularly in the light of major finds of arms intended for the IRA on both sides of the border now being made by the RUC and the Irish Garda.

At Westminster members of all parties called yesterday for a Commons debate on the issues surrounding the affair.

In Brief

North Sea oil jobs in Scotland on the rise

Employment in the North Sea oil industry in Scotland is rising again, with the number of those employed in wholly oil-related activities up by 2,607 to 53,437 between June and December last year, writes James Buxton.

Figures from the Manpower Services Commission shows the biggest rise in the sector's employment to have been in the Grampian region which includes Aberdeen, the centre of the Scottish oil industry. Employment there rose from 40,707 in June to 44,074 by the year's end.

Employment in the sector slumped from an estimated 65,000 at the end of 1985 to 51,530 at the end of 1986 as oil prices collapsed and caused a curtailment of exploration.

Occidental raises Claymore estimates

Occidental Petroleum, US oil group headed by Dr Armand Hammer, said that the remaining recoverable oil reserve estimate for the Claymore field, 100 miles north-east of Aberdeen, had been upgraded by 21 per cent to 162m barrels.

This raises the ultimate oil recovery from the field to 479m barrels from 451m. The field last year produced 82,000 barrels of oil a day and has produced 317m barrels in total since production began in 1977.

Windmill for £3m

The European Commission is providing £1.05m towards a £3.3m wind-powered generator to be built for a Central Electricity Generating Board power station in the southern county of Kent as part of a project to build similar generators at Esbjerg in Denmark and Cabo Villano in northern Spain.

More beer brewed

Beer production rose 0.8 per cent to 36,599,715 barrels from 36,319,895 barrels the previous year, the Brewers Society said. This is the first rise in four years and was led by increased output of lager beer, which grew in volume and market share at the expense of more traditional English bitter ale.

Whisky galore

Scotch Whisky exports rose 2 per cent in 1987 over the previous year, while the volume of exports was the highest since 1982 at 240.1m litres of pure alcohol. Scotch Whisky Association figures show that the value of exports rose to £1.14bn, a 6 per cent increase on 1986.

Steel advisors

Phillips and Drew has been chosen by the British Steel Corporation as its broking advisors for privatisation. Barclays de Zoete Wedd has been confirmed as its merchant bank advisers and Slaughter and May as legal advisers.

Crown staff consider protest at sell-off

By Ralph Atkins

STAFF AT the Crown Suppliers, the Government's central buying agency, may take industrial action in protest at the decision to sell the business to the private sector.

Civil service union leaders were being urged by some of the agency's 1,900 staff to consider possible overtime bans, the withdrawal of goodwill and refusing to cover for absent colleagues. Unions will meet on Monday to prepare a plan of action.

The sale of parts of the agency was announced on Wednesday by Mr Christopher Chope, junior environment minister. Senior managers met staff yesterday to outline the implications of the proposals.

Many employees expressed anger at the lack of information given by ministers and the uncertainty about the future. Some staff walked out of meetings at Glasgow, Liverpool, Edinburgh and at the head office in London.

Employees fear private sector buyers may take advantage of resources in the agency at the expense of the long-term careers of employees. There are also worries that employees will not be offered option of remaining within the civil service.

Mr Charles Cochrane, assistant secretary of the Council of Civil Service Unions which acts as a co-ordinating body for civil service unions, said Mr Chope has refused to give an assurance on the right to remain in the public sector. "I strongly suspect that it is going to be one of the major issues over the next few months," he said.

Women celebrate vote

TWO costumed law students flank 102-year-old Mrs Catherine Griffiths who yesterday returned to the House of Commons to celebrate the 70th anniversary of votes for women. Mrs Griffiths, a suffragette campaigner for the vote in the early 1900s struck her blow in 1912 by trying to put nails in the Commons seat of Mr Lloyd George, the prime minister of the day. She was jailed for the gesture.

Some 200 women met yesterday in Parliament's Grand Committee Room to mark the anniversary in a rally organised by the 300 group, which fights to get more women into political and public life.

The rally heard calls for more women to stand for election to Parliament, which has 41 women MPs, or 6.5 per cent of the total. By comparison, 10.4 per cent of parliamentarians in West Germany's Bundestag are women, with the proportion exceeding a quarter in some other European countries.

Nixdorf wins point of sale contract for £50m

BY DAVID THOMAS

TESCO, the biggest retailer in Britain, has given one of the largest orders to date for electronic point of sale equipment to Nixdorf, the West German computer group.

The contract, worth just over £50m, is to introduce electronic sale systems into 180 of Tesco's largest stores by 1990.

The systems are intended to speed the progress of Tesco customers through checkout points, increase the efficiency of the company's stock monitoring procedures and reduce the scope for errors.

Purchases will be scanned and recorded electronically without checkout workers having to punch figures in manually. Customers's cheques will be processed automatically, with the machines printing the relevant details onto the cheques.

There has been fierce competition between computer companies such as ICL, IBM, NCR and Nixdorf for the fast growing business of electronic point of sale equipment in the UK.

ICL is the UK market leader with 27 per cent, according to a survey by Romtec, an independent market research company, which was released by ICL yesterday. Romtec predicts that electronic sale systems in the UK will increase by 15 per cent this year and 19 per cent next.

Nixdorf, which has been expanding quickly in the UK, won the Tesco contract after successfully completing a pilot project in one of Tesco's stores. Tesco will begin to introduce the Nixdorf machines into its stores later this year.

The contract covers more than 5,000 terminals, as well as minicomputers in each store linked to Tesco's head office mainframe. The two companies will be working on the software for the project together.

London to have third business school

By Michael Dixon

A PRIVATELY funded business school is to be built on the Isle of Dogs in east London by Queen Mary College, one of the constituent colleges of London University.

It will be London's third university business school and will offer a range of studies, from full and part-time courses for master's degrees in business administration, to short management-development programmes.

Professor Cyril Levicki, head of management teaching at Queen Mary, said City of London organisations had promised to put up £2.5m to build the school, which would probably be formed as a company limited by guarantee.

"We're not looking for public funding," he said. "The plan is to raise the further £12.5m needed to establish the school by offering shares which will pay a decent return. We have potential subscribers to a total of £500,000."

The two other comparable schools are the London Business School, which was part of London University until it was awarded its Royal Charter in 1986, and the City University's management centre.

A variety of management courses are also offered by six London polytechnics, the Central, North, North East London, Middlesex, South Bank and Thames Polytechnics.

Prof Levicki said that Britain was so severely underprovided with courses in management that the project was unlikely to lead to cut-throat rivalry for customers.

Electricity board surprised by plan for split on sale

BY MAX WILKINSON, RESOURCES EDITOR

THE CENTRAL Electricity Generating Board reacted with shocked surprise yesterday to the Government's plan to split it into three parts for privatisation later in this Parliament.

The proposals were also vigorously attacked by Mr Eric Hammond, general secretary of the electrical trade union EETPU. He said the plan would cause "anger and dismay throughout the industry."

The Government's plan, agreed by a committee of senior ministers, is to float off about 30 per cent of the CEGB's power stations into a separate private company.

The board will also lose ownership of the national transmission grid. This will be transferred to a separate non-profit making company jointly owned by 12 private sector distribution companies.

Lord Marshall, chairman of the CEGB, was called from a meeting of his board on Wednesday afternoon to be told of the government's decision. It is regarded throughout the industry as a major defeat for the board.

It had argued that it must retain control of the grid, which it claimed forms an integrated system with all the power stations throughout the country.

However, the cabinet committee, consisting of Mrs Margaret Thatcher, the Prime Minister, Mr Nigel Lawson, the Chancellor of the Exchequer, Mr Malcolm Rifkind, the Scottish Secretary, Lord Young, the Industry Secretary, and Mr Cecil Parkinson, the Energy Secretary, decided to reject the board's case.

Although the CEGB was maintaining an uneasy silence yesterday, it was clear that the outcome of lengthy private talks between Mr Parkinson and Lord Marshall was much worse than many senior executives had expected.

Lord Marshall has until Wednesday to decide his public response. He is then due to appear before the Commons Select Committee on Energy which has started an enquiry into the privatisation of electricity.

The committee, which has already been warned that the timing of its enquiry is embarrassing for the Government, is sure to ask Lord Marshall what he thinks of the Government's scheme.

Some influential people within the CEGB believe that the scheme would result in increased risk of blackouts and higher prices for consumers, and they will urge Lord Marshall to express these fears publicly.

However, Mr Parkinson has assured Lord Marshall that the privatised CEGB will be allowed to go ahead with building a family of four to five nuclear reactors. Lord Marshall, a strong advocate of nuclear energy, has maintained that nuclear electricity can be attractive economically compared with power from coal.

Department of Energy officials have been told to start drafting the detailed White Paper on the privatisation project, which will be put to the full cabinet in a few weeks' time for an announcement before Easter.

Worries over upsurge in inflation 'exaggerated'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

CONCERN about an upsurge of inflationary pressures in Britain's economy – which led to this week's rise in interest rates – has been exaggerated, according to an anaysis published by the Oxford Economic Forecasting Group.

In its latest set of projections the Oxford group says fears that the economy is close to "overheating" will recede this year as the pace of growth slows significantly.

Rapid growth in credit in recent months and an upward trend in earnings are disquieting, but do not point to an immediate acceleration in the pace of price rises.

Despite the expected boost to consumption from any tax cuts in the March budget, Oxford says that economic growth may slow to about 2.5 per cent this year from 4 per cent in 1987. In 1989 output may rise less than 1.5 per cent.

Mr Nigel Lawson, Chancellor of the Exchequer, will have scope to combine tax cuts worth more than £4.5bn with a zero public sector borrowing requirement in the next financial year, but he is likely to limit actual tax reductions to around £3bn.

Although slower growth will moderate inflationary pressures, however, it is unlikely to prevent a further widening in Britain's current account deficit.

The deficit is forecast to rise from £2.7bn in 1987 to £3.4bn this year, as exports are hit by an accelerating rate of increase in unit costs and imports continue to rise strongly.

In a broader analysis of Britain's economic performance during the 1980s, the Oxford group says that there has been a marked improvement relative to its major competitors.

The trends in the 1970s towards slower growth in productivity and smaller increases in per capita income than elsewhere have been reversed.

It is less sanguine, however, over the prospects that such gains will continue. The rapid pace of earnings growth in Britain relative to other major industrial countries suggests renewed losses in competitiveness over the medium term,

● Developing and newly-industrialised countries in Asia will be the star performers on the world economic scene in 1988, according to the Economist Intelligence Unit.

In its World Outlook 1988, the unit says that economic growth rates of 7 per cent in South Korea, 9 per cent in Hong Kong, and 8.5 per cent in China, will compare with an average in Western industrial nations of just 2.4 per cent.

US growth is likely to turn out at fractionally below the average, while the Japanese and, in particular, the West German economies, will not expand fast enough to take up the resulting slack.

A preposterous suggestion, you may say. Quite ludicrous. But before you dismiss it as pure fiction, consider the following facts.

The rate of information growth is doubling every five years. Currently, 6000 new scientific articles are published every week.

An explosion of facts and figures shattering the dreams of anyone hoping to become a Jack-of-all-trades. Indeed, being the master of just one is now a race where the finishing line keeps moving.

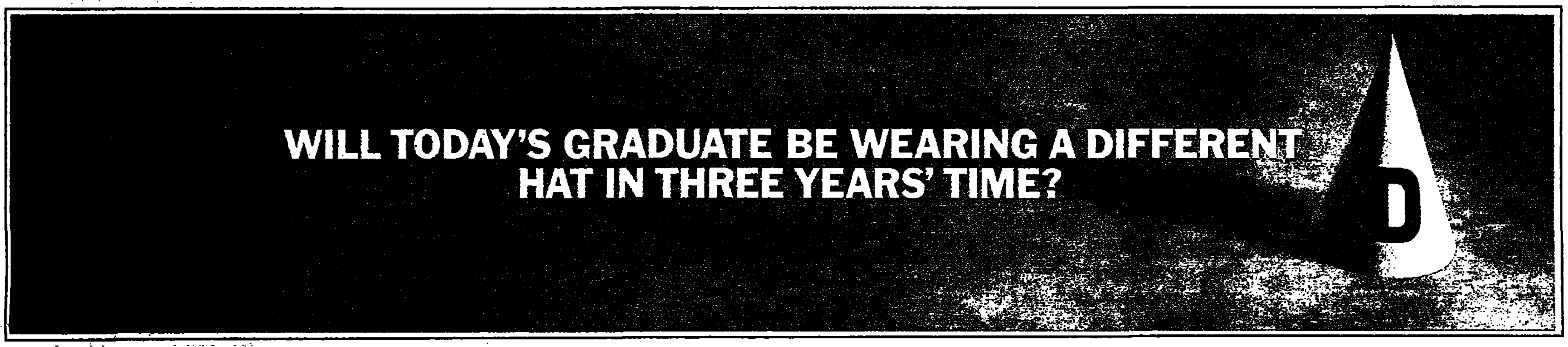
Skills and knowledge that may have taken years to acquire can be out of date almost overnight.

Think of the ship designers in the north-east who have had to turn their hand to designing oil rigs.

The plant breeders who have had their world turned upside down by the advent of genetic engineering.

The textile designers who have had their crayons replaced by computer keys.

Formal qualifications on their C.V.'s, though important, would have given little indication of their capacity to accept and adapt to change.



Of course, if we expect people to have a more flexible, adaptable outlook on work, we must also expect the same of their employers.

So companies must be prepared to do more than just give time off for occasional conferences. They must also allow time off to attend business schools and retraining courses. And maybe more.

Some companies do already. But should we follow the example of countries like Sweden where mid-career breaks of several years are not uncommon? In fact, is it time we reappraised our attitude towards career patterns entirely?

Traditionally, the long serving employee has been held up as the shining example. And, of course, many years of experience in a company can be invaluable.

But in today's fast changing world perhaps we should look more favourably on frequent job changes and regard them as the need to face fresh challenges.

That, in itself, is a challenge that business may soon have to face.

Indeed, in our view, training, or lack of it, is very often at the root of many companies' staffing difficulties.

Yet, sadly some firms still see training as a side issue when compared with, say, providing plant and finance.

According to the latest (1985) MSC figures, the average company spends a mere 0.15% of its turnover on training.

As for ourselves, this year training will cost us some 10% of our income. It's a sizeable sum. But it's one we would not spend unless we knew it would repay us fully in the years to come.

E&W Ernst & Whinney
Accountants, Advisers, Consultants

THE PROPERTY MARKET BY PAUL CHEESERIGHT

Rich pastures in the valleys

THE WELSH Development Agency is changing its spots. In the future, it is likely to be better known as a catalyst for private sector development than as a provider of industrial space.

The change is significant. South Wales is at the end of the M4 corridor and the WDA is a major player in an emerging market with land prices which are cheaper than those east of the River Severn.

In addition, internal Welsh market conditions have changed markedly over the last two years, permitting the WDA to be flexible. Its primary role, explains Ian Rooks, the property director, is to assemble and service land, ready for others to use. In short, to create better prospects for the private sector.

This sort of activity, which the WDA calls its Property Development Initiative has been criticised by the private sector. "It infuriates me," says Paul Guy, managing director of the Bailey Group, a privately-owned Cardiff developer, "that the WDA has good sites that we want to develop. They insist on going up to London to talk to London agents and developers when young Welsh companies like us can compete."

The influence of the WDA is strongest in one section of the market. "It dominates the market for new buildings and areas away from the motorways. But this is still only a relatively small percentage of the total stock," comments David Cochlin, the industrial property specialist in Cardiff for Cooke and Arkwright, the South Wales-based chartered surveyors.

But Mr Guy raises a difficult question – whether the WDA keeps out local private-sector developers or whether it builds because nobody else will. "Other than meeting specialist requirements, the private sector does not attempt to compete with the WDA," says Peter Morgan, director of Oldway Property of Merthyr.

"There is no way we can build at the levels of return they get and make a profit," he adds. He argues that the WDA was one factor depressing the market. The other is local authorities which build units with job creation in mind rather than seeking an economic return.

However, both Bailey and Oldway are co-operating with the WDA on specific projects in South Wales.

The hardening market makes that easier. Although the indicators do not exactly point to boom conditions they do suggest a revival of confidence and an outside interest in Wales that did not exist a couple of years ago.

A gap in the market has appeared with demand for units of between 3000 and 5000 sq ft outstripping available space. In the early 1980s, any building of 30,000 or 40,000 sq ft or more which came on the market would tend to stick. "You would take what you could get for it", said Mr Cochlin. "Now you will tend to get more than one firm chasing it."

The vacancy rate in the WDA portfolio at 7.4 per cent of a total of 18m sq ft is the lowest for eight years and drops to about 2 per cent in specific localities like Bridgend. At the same time the number of rent concession deals has dropped.

In the nine months to last December, says Mr Rooks, a quarter of the 261 units which the WDA let had rental agreements where there was some concession, like the phasing in of the full rent. Three years ago half the agreements would have contained concessions, he noted, some of them giving up to a year rent free.

At the top end of the industrial market in the Cardiff area, rents have been £2.50 per sq ft. A year ago "they were just about scraping over £2," recalls Mr Cochlin.

While much of the push behind the market has come from companies expanding – hence the demand for larger units – there has been some movement into Wales from companies outside. Jade Interiors is one example which Mr Cochlin quotes.

Despite this renewed activity, there remains a gap in the development process. "To get the market going you have to have the funds (the financial institutions) coming in to take the developer out," he said. The developer needs some assurance that ultimately somebody will buy what is being constructed.

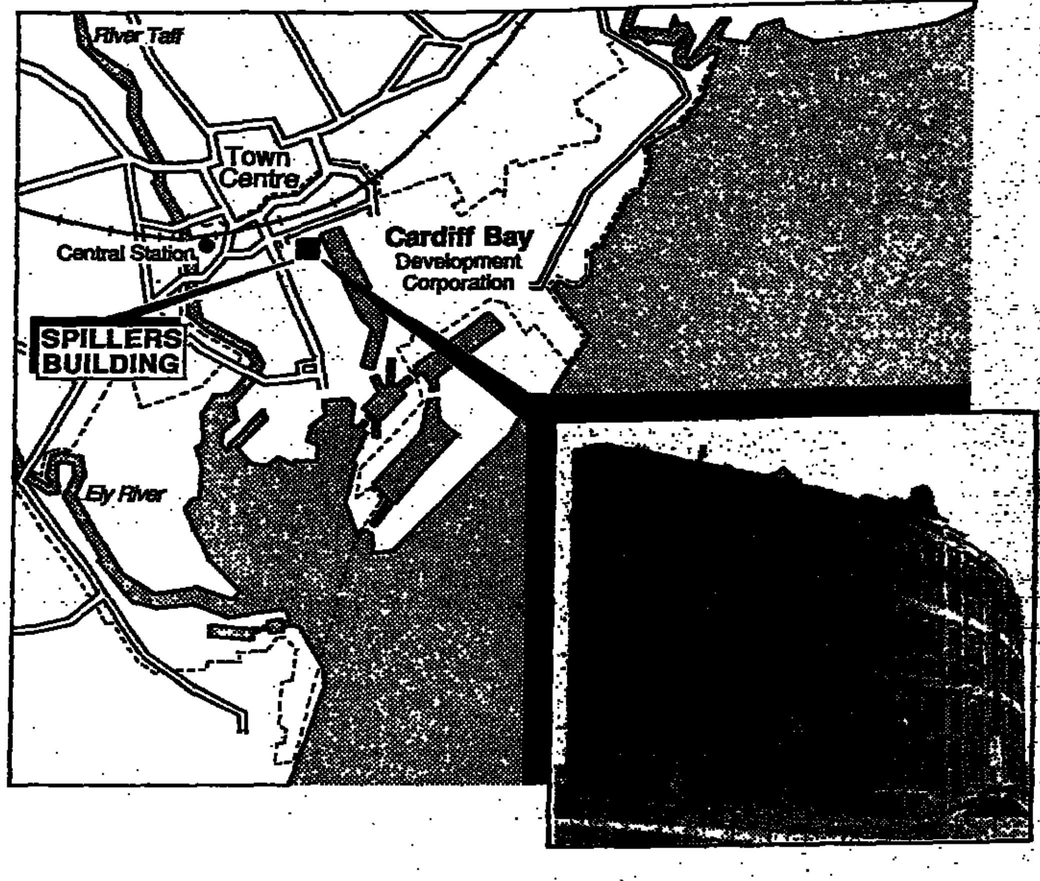
"Fund managers used to think anything west of the Severn Bridge was in cloud cuckoo land. That is less so now. They will take developments up to £2m-£3m if you have a track record," said Mr Morgan.

This points up one facet of the changing approach of the WDA. It has organised itself to help narrow the risk for the private sector. This is not only a question of land assembly but also of marketing and financial aid.

Pump priming is how Mr Rooks termed it. "We get nothing back. We don't go into discussions saying 'what do you want?' but 'what is necessary to get the project off the ground?'" This, then, is the WDA trying to come to terms with what Healey and Baker, the surveyors, and Touche Ross, the accountants, had identified a year ago as the "viability gap" in Welsh property development.

But the WDA, despite a bigger development budget in the coming financial year – roughly £30m from grant-in-aid and £14m from its own capital receipts – also has to draw in more revenue. This is why it is starting to consider pulling together packages of property for sale to the Stock Exchange's new unitised market once it starts, perhaps later this year.

The Bay city rolls on



LOVELL Urban Renewal is to turn the Spillers and Bakers grain warehouse into flats on Atlantic Wharf, inside the Cardiff Bay Development Corporation area. This is an area where Tarmac has been active in housebuilding and will convert another warehouse into a hotel. These developments are just near the newly built headquarters for the South Glamorgan County Council.

Activity in the old Cardiff docks are has quickened since the Development Corporation was set up last year to promote and oversee regeneration. To some extent the Corporation can ride on the back of the improving Welsh property market.

But the Corporation's problem is that, unlike the London Docklands Development Corporation, it did not have any land under its direct control when it started. Now it is in the market to buy some.

It has just bought the 120 acres Pengam works site from Rover Group. It has identified eight specific priority areas, totalling 800 acres, where it will seek to acquire sites by negotiation or, failing that, by compulsory purchase.

Mr Barry Lane, chief executive of Cardiff Bay Development Corporation, said that during this financial year, the Corporation will spend £5.5m on land assembly. Next financial year spending will rise to about £8m.

Land purchase is the main thrust of the Corporation's present activities while it awaits a "regeneration strategy" commissioned from Llewellyn Davies Planning. This should be ready by April.

A major source of land for the Corporation could be the public sector. Around 30 per cent of the 2,700 acres which make up the Corporation's area is owned by local authorities, British Rail and the Welsh Development Agency.

Prices are under £100,000 an acre. The Corporation is wanting to buy now, enhance the value and then sell on to the private sector for development. But, Mr Lane pointed out, "it would be foolish to hock land now and deny ourselves the betterment value, deny ourselves the income."

COMMERCIAL PROPERTY IN WEST END & VICTORIA

The Financial Times proposes to publish the above survey on Friday 11th March 1988.

For further information and Editorial Synopsis please call

Joe Bell on 01 248 0769.

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TECHNOLOGY

Safety last – unless it pays its way

Paul Abrahams explains why advanced designs are not being adopted by commercial vehicle operators

SAFETY features rarely pay in the manufacture of commercial vehicles. Although there have been important advances in the design and construction of trucks to protect drivers, passengers and pedestrians, they are unlikely to be in widespread use until well into the 1990s, believes Mercedes-Benz, the West German truck maker.

The cost for truck operators is too high and safety legislation, which would force adoption of the new technologies, is still some way off.

The delay in the application of safety systems is despite the large number of deaths from accidents involving heavy goods vehicles (HGVs). Britain has one of the best road-safety records in Europe but it still saw 13,429 accidents involving HGVs in 1986. Nearly 258 people were killed and 1,100 seriously injured.

Although Mercedes has invested heavily in safety features for trucks it accepts that many of the developments it has pioneered are unlikely to become standard until there is legislation making them compulsory.

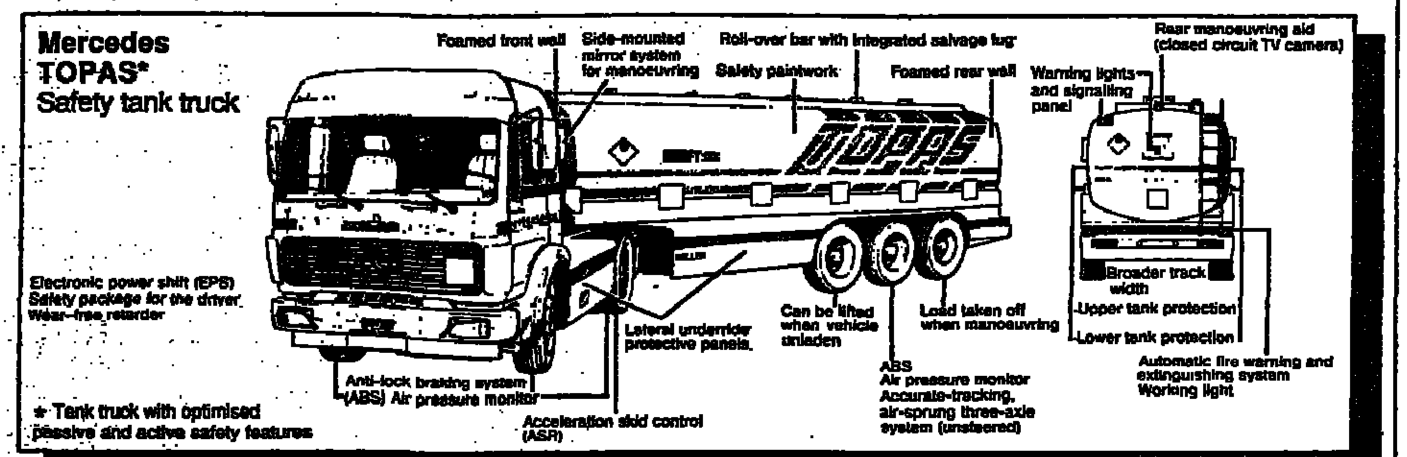
"Safety is a difficult concept to sell because the truck market is so highly price sensitive. Very few operators have been willing to pay £2,200 for our new anti-lock braking system," says Nigel Emms, a Mercedes executive.

Other manufacturers of safety features have found that operators are unwilling to invest, even when the outlay per unit is small.

Monsanto's UK subsidiary, based in Leicester, has been marketing a device, called Clear Pass, which, it is claimed, absorbs more than 65 per cent of the spray from lorry wheels, considerably reducing the risk of blinding overtaking cars.

"Nevertheless, operators were very unwilling to fit the supressor until legislation forced them to do so. Even now, 10 to 15 per cent of vehicles which should legally have the supressors haven't been fitted with them," says Philip Chorlton, area marketing manager for Monsanto.

He explains: "The owners are waiting until their vehicle's next annual MOT test (Department of Transport road worthiness examination) before fitting the devices. It isn't as though the product is dear – it only costs between £20 and £80 per axle to fit."



However, truck operators may be willing to accept safety products that are cost-effective. Mercedes-Benz has recently built a tanker, called Topas III (Tank truck with Optimised Passive and Active Safety features), which incorporates a number of safety features. Some of these, the company believes, may save operators money. They include:

● A braking system called a retarder or speed limiter. This relieves the normal systems brakes when the truck is travelling downhill for extended periods. The retarder can be set by the driver to maintain the vehicle at a certain speed. Its advantages are that the system's brakes sustain less wear, and, more important, the driver is not forced to decelerate and accelerate alternately which uses valuable fuel.

● Protective panels along the underside of the tanker. Many accidents between lorries and two-wheel vehicles occur when a right-hand drive truck turns left without the driver noticing anything on the inside. The victim then falls under the lorry and is crushed. The protective panels on the Mercedes trailer push the cyclist away at once and, through their aerodynamic design, provide the operator with a 5 to 10 per cent fuel saving.

● The trailer has a low centre of gravity. This allows the tanker to take corners at faster speeds. Mercedes has estimated that more than 50 per cent of accidents involving tankers occur when they overturn. The Topas trailer's centre of gravity, 30cm lower than today's tankers, lets the vehicle leave motorway exits at around 40 kph – a speed which would normally cause it to tip over. A fuel economy is achieved through not having to slow down.

● An electronic gear shift called EPS (electronic power shift). The system makes gear-changing much easier and leads to greater fuel economy by encouraging the driver to make better use of the large number of gears available.

● An integrated anti-lock braking system (ABS) and anti-skid system (ASR). ABS ensures that when a lorry brakes, the individual wheels do not rotate at different speeds on different surfaces – the usual cause of skidding. The ASR system provides better grip in icy conditions and improves the ability of the lorry to pull away on slopes.

Pat Kennett, director of Transport Know-How, the Derbyshire-based transport consultants, believes that in areas with severe winter conditions ABS, ASR and the speed retarder could keep trailers on the roads for an extra 10 days a year – worth £10,000 per trailer in revenue to operators.

However, Mercedes says that – despite obvious safety benefits – there is little chance of operators purchasing other features on Topas III until legislation makes adoption compulsory. These features are:

● Side-mounted mirror systems fitted on the trailor. These improve visibility during manoeuvres.

● A camera and cab monitor for viewing the blind area behind the tanker.

● A panel at the rear of the tanker which indicates that the vehicle is about to swing left in preparation for a turn to the right.

Mercedes also doubts whether much of the progress it has made in improving the working environment of the driver will be used.

The company says that the conditions in the driver's cab such as temperature, light and noise are important in reducing the risk of accidents. If drivers could be relieved of as much stress as possible they would be less prone to premature fatigue.

Between 80 and 90 per cent of accidents are the result of driver errors. If the reaction time of a driver just before an imminent accident was only half a second quicker, some 60 per cent of rear-end collisions, 50 per cent of accidents at cross-roads and 30 per cent of head-on collisions could be avoided. A full second would eliminate 90 per cent of rear-end accidents and 60 per cent of head-on collisions.

Nevertheless, the chances of legislation obliging operators to use advanced safety technology are limited, at least in the near future. Legislation which involves major investment by truck companies must be implemented throughout the EC if operators in individual countries are not to be disadvantaged by stricter domestic codes.

"If we are talking about legislation on a European basis – it can take a fairly long time," says David Green, a director of the British Freight Transport Association.

"A lot depends on how acceptable a measure is to individual countries. In theory, if everyone agrees, there is no reason why it shouldn't be passed in six months and be taken up in 12. But that is the exception rather than the rule," he explains.

Some of the problems are political. He says there are nationalistic overtones to the problem of standardisation and harmonisation of trucks, as well as the difficulties of the manufacturers gearing up for production.

The temptation to oblige operators to fit a certain product rather than setting standards – an admittedly complicated task – is also fraught with difficulties. The danger is that the legislated product becomes quickly outdated. In 1932, the British Parliament obliged London taxis to have Bendix brakes, which at that time were the best available. By the 1960s, they were the worst, but taxis still had to have them fitted.

But it may be possible to encourage operators to fit safety features through other means. Tax incentives could be offered for operators fitting ABS which incidentally reduces road wear. Similarly, truck owners could be encouraged to fit safety devices if they were offered lower insurance rates for doing so.

If some of the safety features available do not become common, it may need a significant accident involving a tanker to trigger the legislative process. The cost of lack of safety could be high.

WORTH WATCHING

Edited by Geoffrey Charlish

Getting more mileage out of rubbish tips

ENERCOL ENERGY Systems of Blackburn in the UK is using a £0.47m European Commission grant to develop collection and process plant that will turn the methane given off by landfill rubbish tips into vehicle fuel.

The company has already successfully converted several Blackburn Borough Council vehicles to run on compressed natural gas from the mains. Now, in collaboration with Monsanto, it is developing ways of tapping gas from landfill sites.

Michael Summers, managing director of Enercol, says that the average tip will provide about 3m therms of gas per year. "This is the equivalent of some 2.3m gallons of petrol a year, an asset worth about £3.5m annually with a tip life of 15 years. The total value to an authority over that period will be £52m," he explains.

The company will develop gas collectors and processing plant, to clean and enhance the calorific value of the gases. It will also develop a vehicle filling station to be located in the new Preston Dock Development.

The gas will come from a large landfill site at Clifton Marsh owned by Lancashire County Council.

Heat beating filters show true colours

COLOUR FILTERS using up to 40 very accurately gauged thin coatings on the glass, instead of coloured glass throughout, have been launched by Balzers High Vacuum in the UK.

A particular advantage is that precisely reproducible colours can be obtained because there is no coloured glass to fade or be affected by heat from the light source.

In addition, more light is transmitted through the filter. Balzers believes the filters' unchanging colour accuracy will be welcomed in industries where items are sorted by colour using optical sorting equipment.

The heat resistance of the filters means they can be directly incorporated into lighting optical systems in theatres, rather than being used as external components as they are now.

The multiple thin films used by the company produce optical interference at various wavelengths (colours) of light. (Interference, for a particular colour, involves two light waves which are "out of phase" and so cancel out.) Choice of the layer materials (metal oxides) and their precise thicknesses allows only one colour to be transmitted through the glass.

Setting glass in a magnetic spin

XIDEX CORPORATION, a US magnetic recording media specialist and Hoya, the Japanese photographic and glass company, are to co-operate to develop and produce a magnetic disk in which the magnetic medium is a thin film laid down in a vacuum on a glass substrate.

Conventional magnetic disks for computers have a coating that is spun by centrifugal action on to an aluminium platter. But the recording heads for future disks will have to "fly" much closer to the surface to achieve the higher recording densities the makers want on new, small disks for personal computers.

A very flat glass substrate and a thin film of magnetic material laid down in a vacuum are believed to be the answer.

Sinkings simulated for ship insurers

IN THE UK, the Salvage Association's naval architects have developed a computer program that allows progressive flooding of a vessel to be simulated. It will assist marine insurers in determining whether a reported incident could have been responsible for a sinking, or whether the ship should have taken a longer or shorter time to founder.

The program, which should also prove useful in ship design, makes use of well established data on ship flooding and cuts out what can be hours of calculations.

It continuously determines draft, trim and flooding levels, while following the progress of water entering the ship, and even taking into account any pumping that may have been attempted.

Rail messages get the express treatment

NORTHERN IRELAND Railways is using a radio data link to send operating messages to trains on two of its main line services. The control point operator uses a computer terminal to compose the text, which is sent over a data link supplied by Spectronics Micro Systems (SMS) of Cambridge, UK. This link operates on an existing radio network.

In the cab of the relevant train, an SMS mobile data terminal produces paper messages about signal conditions, authorisation to pass stop signals and similar information.

To date, drivers have had to leave the cab to use a lineside telephone. The new system provides printed confirmation of instructions and obviates verbal misunderstandings.

Philips sees red over optical discs

PHILIPS RESEARCH says it is the first laboratory in the West to announce a semiconductor laser that operates at the visible red wavelength of 650 nanometres (billionths of a metre). To date, such lasers have operated more towards infrared wavelengths.

These pin-head sized devices are used to illuminate the microscopic marks on optical discs in order to read the recorded data. Philips says that decreasing the wavelength of the laser will allow better discrimination and so allow even more data to be recorded per unit area.

The device produces a peak output power of 0.1 watt and has low internal losses, giving a very bright pin point of light.

CONTACTS: Enercol: UK, 0254 680820. Balzers: UK, 04427 2181. Xidex: UK office, 0734 868010. The Salvage Association: UK, 623 1299. SMS: UK, 0954 80688. Philips: The Netherlands, 40 757189.

Company Notices

MHANGURA COPPER MINES LIMITED
(Incorporated in Zimbabwe)
INTERIM REPORT

OPERATING RESULTS (Metric tons)

	Six Months Ended 31.12.87 Ore Milled	31.12.86	31.12.87 Recoverable Copper	31.12.86
Miriam	570400	607300	4288	4364
Norah	246520	265590	1568	1802
Total	816920	872890	5856	6166
Concentrates purchased			2456	1594
Smelter production			9881	10063
Refined copper produced			8211	7790
Sales—Copper			8238	7581
—Silver (kg)			10084	11141
—Gold (kg)			136	125

FINANCIAL RESULTS (Z$000s)

	(Unaudited)	
Turnover	33879	23259
Working profit (Loss)	10219	(1558)
Interest (net), sundry income, less other expenditure	(1238)	(1150)
Net profit (Loss)	8981	(2708)
Net capital expenditure	873	327
Profit (Loss) per stock unit (cents)	44.9	(13.5)

COMMENTS
Compared to the same period last year, copper sales increased by about 8.7% despite a reduction in ore production. The increase in sales was largely attributable to optimum management of metal in process (copper premium) and increased purchases of copper concentrates. Unit sales of silver were, however, lower whilst gold recorded an acceptable increase.
The increase in copper and precious metal prices over the last six months was the main reason why turnover increased by 45.5%. Other factors contributing to this were increased metal sales and the continued depreciation of the Zimbabwe dollar against sterling. For the period under review, the average price for copper was Z$3083 per ton compared with Z$2270 per ton for the same period last year.
As a result of much improved market conditions and fewer costly breakdowns of plant and equipment, the company realised a net profit of Z$8.98 million. Whether the current level of profitability can be maintained to the end of the financial year is uncertain as this will depend largely on copper price movements during the coming months.

By Order of the Board.
AFRICAN FINANCE CORPORATION (U.K.) LIMITED,
London Secretaries.
per: R. S. Brunt.

London, 28 January 1988.
London Office:
8/16 Earl Street, EC2A 2NA.
Harare: 3rd Floor, RAL House, 57 Samora Machel Avenue.
Johannesburg: 154 Market Street, 2001.

NOTICE OF REDEMPTION
EUROPEAN COAL AND STEEL COMMUNITY
(E.C.S.C.)
GBP 5,000,000.-STERLING FOREIGN CURRENCY GRADUATED
Rate Notes due 1984/1989

On behalf of the commission of the European Communities, we inform all Noteholders that Notice Is Hereby Given to redeem in full, the current principal (GBP 1,600,000.-) on the 15th March 1988. Interest will be paid on such principal up to the date of redemption.

The redemption price (100 pct) will be payable upon the presentation and surrender of the said Notes, with all unmatured coupons appurtenant thereto, at the offices of the Designated paying agents.

Paying Agents:

The Long-Term Credit Bank of Japan, Ltd
3 King William Street
London EC4N 7BR

Banque Internationale à Luxembourg S.A.
2, Boulevard Royal
Luxembourg

From and after the redemption date (15th March 1988) interest shall cease to accrue on the Notes pertaining to the said issue.

The Long-Term Credit Bank of Japan, Ltd
London Branch
(Fiscal and Principal Paying Agent)

Dated 29th January, 1988
Published 5th February, 1988

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 3rd February 1988, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

£100 million 2½ per cent INDEX-LINKED TREASURY STOCK, 2011
£100 million 2½ per cent INDEX-LINKED TREASURY STOCK, 2024

The price paid by the Bank on issue was in each case the middle market price of the relevant Stock at 3.30 p.m. on 3rd February 1988 as certified by the Government Broker.

In addition, Her Majesty's Treasury has created on 3rd February 1988, and has issued to the National Debt Commissioners for public funds under their management, an additional amount of £200 million of 9½ per cent Conversion Stock, 2005.

In each case, the amount issued on 3rd February 1988 represents a further tranche of the relevant Stock, ranking in all respects *pari passu* with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Application has been made to the Council of The International Stock Exchange for each further tranche of stock to be admitted to the Official List.

Copies of the prospectuses for 2½ per cent Index-Linked Treasury Stock, 2011 dated 22nd January 1982 (as amended by the supplement to the prospectus dated 9th March 1982) and 2½ per cent Index-Linked Treasury Stock, 2024 dated 19th December 1986 may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA. The Stocks are repayable and interest is payable half-yearly, on the dates shown below (provision is made in the prospectuses for stockholders to be offered the right of early redemption under certain circumstances):

Stock	*Redemption date*	*Interest payment dates*
2½ per cent Index-Linked Treasury Stock, 2011	23rd August 2011	23rd February 23rd August
2½ per cent Index-Linked Treasury Stock, 2024	17th July 2024	17th January 17th July

Both the principal of and the interest on 2½ per cent Index-Linked Treasury Stock, 2011 and 2½ per cent Index-Linked Treasury Stock, 2024 are indexed to the General Index of Retail Prices. The Index figure relevant to any month is that published seven months previously and relating to the month before the month of publication. The Index figure relevant to the month of issue of 2½ per cent Index-Linked Treasury Stock, 2011 is that relating to May 1981 (294.1); the equivalent Index figure for 2½ per cent Index-Linked Treasury Stock, 2024 is that relating to April 1986 (385.3). These Index figures will be used for the purposes of calculating payments of principal and interest due in respect of the relevant further tranches of stock: as provided for in the prospectuses, the calculations will take account of the revision of the Index to a new base of January 1987 = 100 (on the old base the Index for January 1987 was 394.5).

The relevant Index figures for the half-yearly interest payments on 2½ per cent Index-Linked Treasury Stock, 2011 and 2½ per cent Index-Linked Treasury Stock, 2024 are as follows:

	Relevant Index figure	
Interest payable	*Published in*	*Relating to*
February	July of the previous year	June
August	January of the same year	December
January	June of the previous year	May
July	December of the previous year	November

The further tranche of 2½ per cent Index-Linked Treasury Stock, 2024 will rank for the full six months' interest due on 17th July 1988. The further tranche of 2½ per cent Index-Linked Treasury Stock, 2011 has been issued on an ex-dividend basis and will not rank for the interest payment to be made on 23rd February 1988. Official dealings in the Stocks on The International Stock Exchange are expected to commence on Thursday, 4th February 1988.

2½ per cent Index-Linked Treasury Stock, 2024 will be specified, and 2½ per cent Index-Linked Treasury Stock, 2011 is specified, under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as a gilt-edged security (under current legislation exempt from tax on capital gains, irrespective of the period for which the Stock is held).

Government statement
Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON
3rd February 1988

APPOINTMENTS

Cluff Oil changes

CLUFF OIL has made the following board changes: **Sir Thomas Pilkington** becomes deputy chairman replacing **Mr Andrew McQuillan** who retires as executive deputy chairman and finance director but remains a non-executive director; **Mr Mark Ashley**, the group company secretary and financial controller, is appointed to the board as finance director; **Mr Simon Murray**, group managing director of Hutchison and **Mr Canning Fok**, executive director of Hutchison, join the board as non-executive directors; and **Mr G.G. Stockwell** retires from the board but will continue as chairman of Cluff Oil plc, a wholly-owned subsidiary of Cluff.

★

RANK CINTEL has appointed **Mr David Fenton** as sales director; **Mr Jack Brittain** as business development director; **Mr Ron Mumford** as technical director; and **Mr Alan Morris** as works director.

★

Mr Ken Kemp has been promoted to business development director area Europe of the WESTERN PUBLISHING COMPANY INC.

★

EVODE GROUP has appointed **Mr David Winterbottom** as group managing director. He joined Evode in 1980 as group finance director, and subsequently became chairman of all the operating divisions.

★

MARRIOTT HOTELS AND RESORTS has promoted **Mr Peter Haigh** to regional director of sales and marketing for Europe, Middle East, Africa and Australia.

★

Mr Hugh Gemmell has been appointed chairman of SEDGWICK UK (NATIONAL). He was chairman of the Scottish region.

★

Mr David Crook has been appointed managing director, circuit protection and control division, DELTA GROUP.

★

Mr Takashi Miura, deputy general manager of THE SANWA BANK in London is returning to Tokyo as deputy general manager of the corporate banking department at head office. He has been in London for four years as head of the corporate banking division. His successor, **Mr Toshinori Oda**, assistant general manager, is currently deputy head of the special finance division in London.

★

TSL GROUP has appointed **Mr Michael Smithwick** as a non-executive director. He is managing director of Nicklin Advertising.

AIR CALL COMMUNICATIONS has appointed **Ms Anne Kane** to the board. She has overall responsibility for radio paging, mobile radio, Teledata, and the company's other specialist handling services. She joined Air Call in 1971, and became chief executive last May. **Mr Brian Hailes** also joins the board. He is vice president - Europe and Latin America, for BellSouth, which has a 40 per cent stake in Air Call Communications.

★

NATIONAL TELEPHONES GROUP has appointed **Mr Richard Fox** as managing director of National Telephones (UK). He was marketing director of Rank Xerox in the UK. **Mr Robin Allison** has been appointed export director of National Telephone Systems. He was business development director at I.T.

★

Mr Rufus Godson has been appointed BRITISH GAS director of economic planning. He was chief economist. **Mr Ian Prove** has been appointed purchasing and contracts manager, supplies & transport department. He was chief supplies officer (engineering).

★

Mr P.F.A. Nash, of R.P. Martin, has been elected chairman of THE FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS' ASSOCIATION.

★

BRITISH TELECOM has appointed **Mr Peter Macleod** as director of information technology systems for the international products division. He joins from Unysis where he was director of strategic planning.

★

Mr Richard Bennett has been appointed an executive director of SHORALPLAN, reponsible for products and marketing.

★

PEEK HOLDINGS has appointed main board director **Mr Ian McCue** responsible for developing the group's overseas activities. He is succeeded as managing director of Sarasota Automation by **Mr Tom Buckle**, previously managing director of Hawker Siddeley Dynamics Engineering.

★

Dr A. Chitty has been appointed deputy director of corporate engineering for NEI. He will join on June 1 from the Department of Trade and Industry, and becomes director of corporate engineering when **Mr Philip Warner** retires in early 1989.

★

EMESS has appointed **Mr Vernon Cobb** as group secretary. He was company secretary of Siebe. He takes over from **Mr David Cutler**, who will concentrate on his role as group finance director.

FT LAW REPORTS

VAT Commissioners' mistake means taxpayer must sue

COMMISSIONERS OF CUSTOMS AND EXCISE v FINE ART DEVELOPMENT plc
Court of Appeal (Lord Justice Glidewell and Lord Justice Taylor): January 28 1988

VALUE ADDED tax overpaid on the mis-direction of the Commissioners cannot be set off by the taxpayer against his current liability, and in the absence of agreement he can only seek to recover it by legal action.

The Court of Appeal so held when dismissing an appeal by the defendant, Fine Art Developments plc, from a decision of Sir Neil Lawson sitting as a High Court judge. The judge had given judgment for the Commissioners of Customs and Excise for unpaid value added tax, but stayed execution pending proceedings by Fine Art to recover the same amount from the Commissioners as monies paid by mistake.

LORD JUSTICE GLIDEWELL said that Fine Art manufactured and distributed greetings cards. It was registered for VAT and so was required to charge tax to its customers, and to account to the Commissioners for the tax so charged.

As the cards were normally resold by the customers, the price charged by Fine Art was less than the retail price.

On August 13 1981 the Commissioners directed Fine Art to calculate VAT on the retail value of the goods. Fine Art duly complied.

On February 13 1985 the European Court of Justice gave judgment in *Direct Cosmetic v Commissioners of Customs and Excise* [1985] *2 CMLR 145*. Its effect was that the Commissioners had had no power to make the direction of August 13 1981, and it was therefore void. VAT should have been calculated on the prices charge by Fine Art to its customers.

Fine Art claimed repayment of tax overpaid between the date of the direction and the date of the European judgment. The Commissioners were not willing to repay tax overpaid between August 13 1981 and November 9 1983, when the VAT tribunal referred *Direct Cosmetics* to Europe.

Fine Art calculated tax overpaid between those dates at £1,399,022. It decided to deduct it from a VAT payment.

On the return form, in Box 5 ["overdeclarations of VAT made on previous returns"], it stated a previous overdeclaration of £1,399,657. It added the figure in Box 4 ["VAT deductible ...on inputs"] and inserted the total in Box 6 ["total VAT deductible (Box 4 + Box 5)"]. It deducted the total in Box 6 from the total VAT due shown in Box 3 to reach the net VAT payable which it set out in Box 7 ["net VAT payable... (difference between Boxes 3 and 6)"].

It sent in the form accompanied by a letter explaining the reasons for the deduction, and a cheque for the sum shown in Box 7 as "net VAT payable".

The Commissioners issued their writ in the present action on October 20 1986. Sir Neil Lawson gave judgment for the sum claimed, but stayed execution on condition that Fine Art issued a writ claiming the same sum from the Commissioners as monies paid by mistake.

Fine Art did issue a writ, so at present the judgment against it could not be executed.

VAT was imposed by sections section 1 and 2 of the Value Added Tax Act 1983.

Section 14 provided that tax should be paid by reference to periods, and that a person was entitled at the end of each period "to credit for so much of his input tax as is allowable...and then to deduct that amount from any output tax that is due from him".

Paragraph 2(4)(c) of Schedule 7 to the Act provided that "regulations...may make provision...(c) for the correction of errors".

Regulation 58 of the Value Added Tax (General) Regulations 1985 provided that the taxpayer should furnish "a return on the form...in the Schedule...showing the amount of tax payable by or to him and...full information in respect of the other matters specified in the form."

A registered person was therefore not merely permitted but was required by regulation 58 to insert in Box 5 the amount of any previous over-declaration of VAT.

Regulation 64 provided that if a person made an error in any return "he shall correct it in such manner...as the Commissioners may require."

The Commissioners had issued a VAT Guide. Section VIII was made under the powers in Schedule 7 to the Act, and had statutory force. Paragraph 63(b) of the Guide, which was in section VIII, stated that errors discovered after sending in a return should be recorded as underdeclarations or overdeclarations, and "you should carry the totals to your VAT account for adjustment in your next return".

On the present appeal Mr Laws for the Commissioners argued that section 14 of the Act specifically entitled the taxpayer to deduct input tax paid from output tax received, and to account for the balance. But, he said, there was no similar provision entitling him to deduct or take credit for previous overpayment.

Mr Mathew for Fine Art pointed out that it was required by regulation 58(1) to insert the amount of the previous overpayment in Box 5. Moreover the form, in Box 6, said that the total VAT deductible was the sum of input tax and any previous overpayment, and in Box 7, that the net VAT payable was the difference between Boxes 3 and 6, ie, after deduction of the previous overpayment.

He relied on the reasoning of Mr Justice Simon Brown in the analogous case of *Betterware Products* [1988] *1 FTLR 154*.

There the judge said it was a necessary corollary of the Commissioners' argument that they had made no provision "for the correction of errors", but only for their notification. He found it impossible to construe the statutory form of return other than as providing "for the correction of errors".

He said "Putting it in the language of paragraph 63(b) of the General Guide, any underdeclarations or overdeclarations are, by the very structure of the form 'carried to your VAT account for adjustment in your next tax return'".

Both the form and the guide, he said, represented the Commissioners' requirements of the manner and time in which past errors should be corrected, as contemplated by regulation 64.

That judgment was most persuasive in Fine Art's favour.

Nevertheless, Mr Laws's submissions were correct. By the wording of sections 1, 2(1) and 14 of the Act, the tax for which a taxable person must account in any accounting period was calculated by deducting input tax from output tax.

No other deduction was envisaged or permitted by the Act.

There was no statutory mechanism for resolution of the question which had arisen in the present case and in *Betterware*. It was highly desirable that there should be such a mechanism, but desirability could not conjure it into existence.

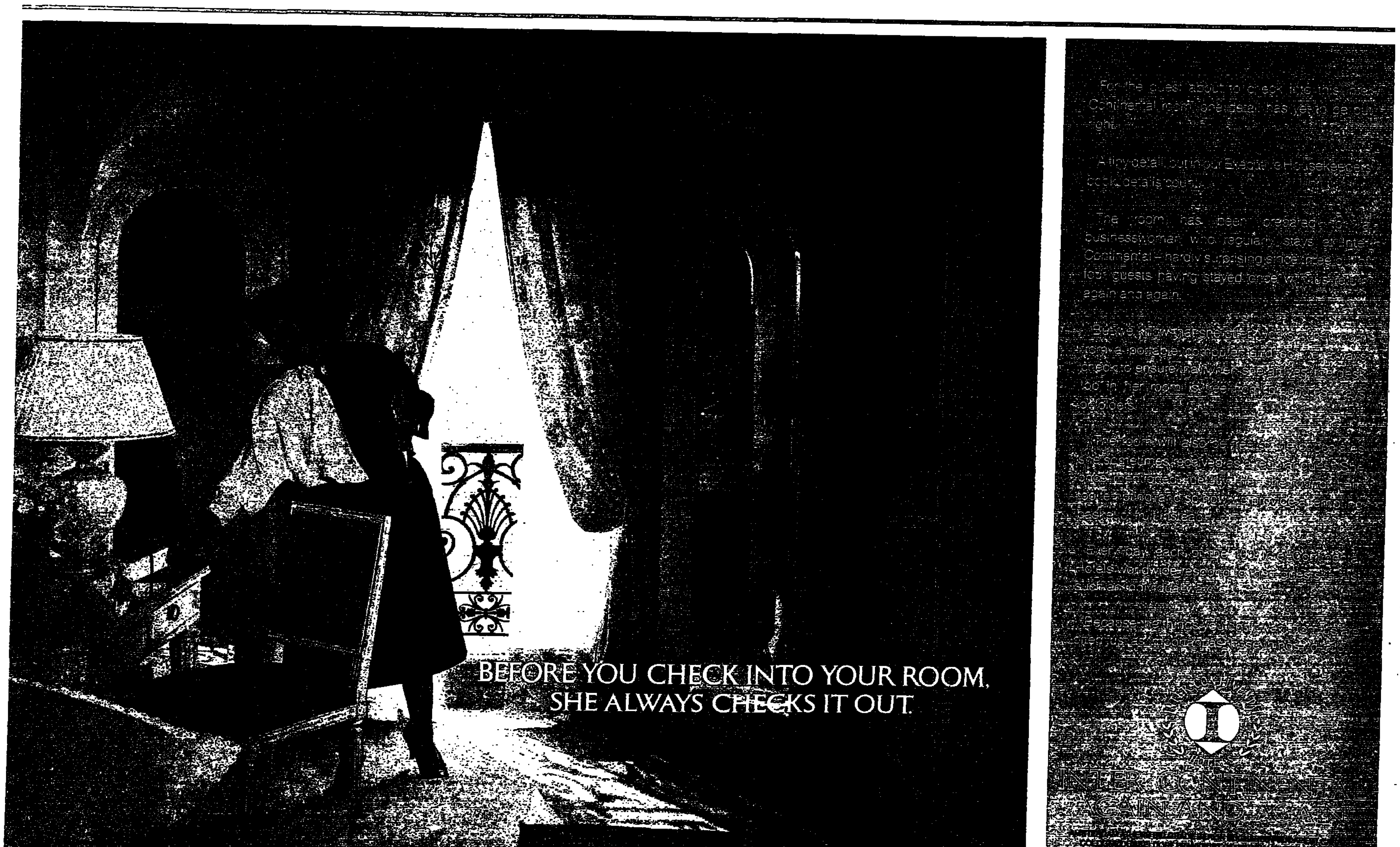
Fine Art's only remedy was to pursue its action against the Commissioners. The appeal was dismissed.

Lord Justice Taylor agreed.

For the Commissioners: John Laws (solicitor, HM Customs and Excise)
For Fine Art: Robert Mathew (Shakespeare Duggan Lea & Co, Birmingham)

Rachel Davies
Barrister

THESE REPORTS are published in volume form with the full text of judgments. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London, WC2B 6BD. Telephone 01-831 0391



Arts Week

F	S	Su	M	Tu	W	Th
5	6	7	8	9	10	11

Opera and Ballet

LONDON

Royal Opera (Covent Garden). Janacek's Jenufa returns to the house in the production by Yuri Lyubimov that was new and widely admired last season. Ashley Putnam, in the title role, and Eva Randova return to the production; Jan Blinkhof and Arthur Davies are new to it, as is the conductor Christian Thielemann in his British debut. Bernard Haitink's first Wagner venture since taking on the Royal Opera musical directorship is a new Parsifal, produced by Bill Bryden, with Peter Seiffert in the title role. (240 1066).

English National Opera (Coliseum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of operatic re-thinking and real theatrical fantasy. Peter Robinson takes over as conductor, Cathryn Pope and Ethna Robinson take the title roles, and Pauline Tinsley, far too long absent from London opera, returns to the ENO in the double assignment of Mother and Witch. Also in repertory: Graham Vick's deeply unsatisfactory Madam Butterfly production, and the latest revival of David Pountney's fun but not-very-Offenbachian Orpheus in the Underworld, in the celebrated sets of Gerald Scarfe.

PARIS

Paris Opéra. Orphée aux Enfers is conducted by Lothar Zagrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoty's production of Offenbach's joyous parody of Gluck. Alternates with Homage to Serge Lifar by the stars and pupils of the Paris Opéra Ballet with Icare danced in Picasso's decor and costumes(47425371).

La Fille du Regiment, conducted by John Burdekin at the Opéra Comique (47425371).

Théâtre de la Bastille presents Mindanoo Mistiru danced by La Compagnie 18 to Ethiopian music. 76 Rue de la Roquette (42744422).

NEW YORK

Metropolitan Opera (Opera House). Nello Santi conducts Turandot in Franco Zeffirelli's production with Ghena Dimitrova, Leona Mitchell, Nicola Martinucci and Franco De Grandis. Nello Santi conducts Luisa Miller in Nathaniel Merrill's production, with Silvia Mosca, Wolfgang Brendel and Paul Plishka. Sir Peter Hall's production of Macbeth is conducted by Giuseppe Sinopoli features Eva Marton, Renato Brusson and Samuel Ramey. Lincoln Center. (362 6000).

WEST GERMANY

Berlin, Deutsche Oper. La Gioconda has fine interpretations by Maria Slatinaru, Kaja Borris and Franco Bonisolli. Also in the repertory: Die Lustigen Weiber von Windsor and Orpheus In Der Unterwelt. (34381).

Hamburg, Staatsoper. Cav and Pag stars Julia Varady, Giorgio Lamberti, Natalia Troitskaya, Piero Cappuccilli, Wladimir Atlantow and Louis Quilico. Der Rosenkavalier has Judith Beckmann, Brigitte Fassbaender, Hellen Kwon and Franz Grundheber. Die Entfuhrung Aus Dem Serail has Inga Nielsen, Lillian Watson and Kurt Moll. La Bohème round off the week. (35 11 51).

Frankfurt, Opera. Der Zigeunerbaron features Elsie Maurer, William Workman and Bodo Schwanbeck. (25621).

Stuttgart, Württembergisches Staatstheater. Otello stars Gabriele Benackova Cap, Anthony Raffell and Roland Bracht. Die Frau Ohne Schatten, in Gotz-Friedrich's production, as a strong cast with Nancy Johnson, Reinhild Runkel, Karan Armstrong, Tony Kramer and Roland Bracht. Die Entfuhrung Aus Dem Serail has Gunter von Kannen outstanding in the title role. (20321).

München, Bayerische Staatsoper. Don Giovanni will be conducted by Wolfgang Sawallisch and features Elisabeth Connell, Trudeliese Schmidt, Angela-Maria Blasi and Peter Schreier. Faust, sung in French, has Carol Vaness, Francisco Araiza and Ruggero Raimondi, brilliant leads. Tannhaüser is an event of more than passing interest with Elisabeth Connell and Wolfgang Brendel. Madame Butterfly completes the programme. (21851).

ITALY

Milan, Teatro Alla Scala. First performance in Italy of Nicolo Jommelli's Fetonte, conducted by Hans Vonk, with Luciana d'Intino (alternating with Gloria Banditelli), Mariana Nicolesco (alternating with Fiorella Pediconi), Luciana Serra (Sumi Jo) and Curtis Rayam. Production by Luca Ronconi, with sets by Mauro Pagano and costumes by Vera Marzot.

Turin, Teatro Regio. Götterdämmerung in Gianfranco de Bosio's production, with sets by the Hungarian designer, Attila Kovacs. The cast includes Heribert Steinbach (Siegfried), Jeannine Altmeyer (Brunhilde) and Wolfgang Schone (Gunther). conducted by Zoltan Pesko. (Sung in German). (54 80 00).

Trieste, Teatro Comunale. Faust, sung in French, conducted by Spiros Argiris, with Maria Spacagna (Margherita), William Powers (Mephistopheles) and Richard Burke. (63 19 48).

Bologna, Teatro Comunale. La Clemenza di Tito in Pierluigi Pizzi's production conducted by Peter Maag. (52 99 99).

NETHERLANDS

Amsterdam, Muziektheater. Balanchine programme from the National Ballet: Bach's Concerto Arocco, Stravinsky's Violin Concerto and Tchaikovsky's Theme and Variations (Tue, Thur). The Netherlands Opera production of Don Giovanni directed by Alfred Kirchner. Nikolaus Harnoncourt conducts the Concertgebouw Orchestra. (25 54 55).

Theatre

LONDON

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vandeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444)

A View from the Bridge (Aldwych). Michael Gambon as Arthur Miller's Eddie Carbone gives one of the greatest performances of recent years. Alan Ayckbourn's supple National Theatre production camouflages the play's flaws. Ends Feb 20 (836 6404, CC 379 6233).

A Wholly Healthy Glasgow (Royal Court). Scabrously funny new play by Ian Heggie, structurally similar to David Mamet's American Buffalo, but set in a back-alley Glaswegian health club. No simultaneous translation provided. (730 1745).

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Phantom of the Opera. The Majestic Theatre, stuffed with the Maria Bjornson gilded sets, rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. But so hard are tickets to come by that travel companies are advertising packages to London with promises of tickets to see the show there. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

WASHINGTON

Enrico IV (Arena). Pirandello's mystery of the man who imagined himself as Emperor Henry IV of Germany is staged by Zelda Fichandler. (488 3300). Ends Feb 21.

CHICAGO

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

TOKYO

Bunraku (National Theatre). The puppet theatre is one of Japan's most refined art forms and its greatest writer, Chikamatsu, has been compared with Shakespeare. Three of Chikamatsu's plays are featured in the bunraku company's performances this month – one of them being his adaptation of the Noh play Sumidagawa which Benjamin Britten turned into Curlew River. Separate programmes at 11.30am, 3pm and 8pm. Excellent earphone commentary in English. (265 7411). Ends Feb 21.

Kabuki (Kabuki-za). Sugawara Denju Tenarai Kagami (The Secret of Sugawara's Calligraphy). Acts 1-3 at 11am; Acts 4-6 at 4.30pm. The play is loosely based on the life of a master calligrapher of the ninth century, but its main appeal lies in the character of triplets who are retainers to three deadly rivals and become the victims of divided loyalties. The sixth act was rendered into English by John Masefield as The Pine. (541 3131). Ends Feb 26.

35 Steps (Aoyama Theatre). The Shiki Theatre Company is 35 years old this year. This musical revue highlights past, present and future Shiki productions – from West Side Story to Phantom of the Opera. There is also a rather tiresome tribute to the French chanson. (0120 489444). Ends Feb 21.

Music

LONDON

Philharmonia Orchestra conducted by Sir Neville Marriner with Nigel Kennedy, violin. Wagner, Walton, Mussorgsky/Ravel. Royal Festival Hall (Mon). (928 3191).

National Youth Jazz Orchestra. Tribute to Woody Herman. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Cecile Licad, piano. Berlioz, Tchaikovsky and Stravinsky. Royal Festival Hall (Tue).

Howard Shelley, piano. Chopin and Debussy. Queen Elizabeth Hall (Tue). (928 3191).

Israel Piano Trio. Schubert and Brahms. Wigmore Hall (Wed). (935 2141).

BBC Symphony Orchestra, conducted by Sir John Pritchard with Alexander Baillie, cello. Anthony Powers, Walton and Strauss. Royal Festival Hall (Wed).

English Chamber Orchestra, conducted by Raymond Leppard with Cecile Ousset, piano. Saint-Saëns, Weber, Schumann and Dvorak. Queen Elizabeth Hall (Wed).

Royal Philharmonic Orchestra, conducted by Yuri Temirkanov with Dmitri Alexeev, piano. Berlioz, Schumann and Stravinsky. Royal Festival Hall (Thur).

TOKYO

Pinchas Zukerman with the Tokyo Symphony Orchestra. Violin concertos by Bach and Beethoven. Suntory Hall (Mon). (362 6764).

Pinchas Zuckerman and Marc Neikrug. Bach, Bartok, Franck (Tue); Mozart, Brahms, Prokofiev. Suntory Hall (Wed). (353 2242).

Hungarian State Symphony Orchestra, Suntory Hall (Wed). (235 1661).

PARIS

Odile Pierre, Organ: Vierne, Durufle, Morton Feldman (8.30pm); Roland Pidoux, cello, Jean-Claude Pennetier, piano: Breval, Beethoven, Franck (10.30pm), both concerts, Tue, Radio France, Grand Auditorium (42 30 15 16).

Alain Planes and Georges Pludermacher, pianos: Beethoven/Liszt (Wed), Radio France, Auditorium 106. (42 30 15 16).

Vienna Philharmoic Orchestra, conducted by Claudio Abbado, Maurizio Pollini, piano: Beethoven (Wed, Thur). Salle Pleyel (45 63 88 73).

Nouvel Orchestre Philharmonique conducted by Charles Farncombe, Ingrid Haebler, piano, Peter Jeffes, tenor: Mozart, Britten (Thur). Radio France, Grand Auditorium (42 30 15 16).

ITALY

Florence, Teatro Comunale. Concert performance of Ibsen's Peer Gynt, adapted by Giorgio Albertazzi (who also performs) in a speaking part to music by Grieg, with solo voices Margherita Vivian, Mary Lindsey and Annamaria Ferrante (Tue and Wed). (27 79 236).

Rome, Auditorium in via della Conciliazione. Beethoven's triple concerto and Haydn (Mon and Tue). (65 41 044).

Rome, Auditoria del Gonfalone (via del Gonfalone 32/A). Beethoven, Mozart and Schumann played by the Salzburg Trio (Thur). (68 75 952)

Rome, Teatro Olimpico (Piazza Gentile da Fabriano). Pianist Paolo Bordoni. Schumann and Schubert (Wed). (39 33 04)

NETHERLANDS

Amsterdam, Concertgebouw. Anton Kersjes conducting the Netherlands Philharmonic with choir and soloists: Mozart, Mendelssohn (Tue, Wed). Recital Hall has Julia Harmari, mezzo, accompanied by Konrad Richter: Schumann, Kodaly, Richard Strauss (Tue). Vera Beths, violin, Jurgen Kussmaul, viola, Anner Bijlsma, cello: Mozart, Ravel, Vermeulen (Thur). (71 83 45).

Utrecht, Vredenburg. Recital Hall. Alban Berg Quartet: Beethoven (Tue). Piano recital by Noel Lee: Gottschalk, MacDowell, Ives, Griffes, Copland, Lee, Gershwin (Thur). (31 45 44).

The Hague, Philipszaal. The Concertgebouw Orchestra conducted by Ivan Fischer, with Yuzuko Horigome: Berlioz, Mendelssohn, Bartok (Thur). (60 98 10).

NEW YORK

Kiri Te Kanawa recital. Mozart, Ravel, Strauss, Liszt, Granados, Obradors (Wed). Carnegie Hall (247 7800).

New York Camerata. Schubert, John Gibson (world premiere), Louise Talma, Vaughan-Williams (Thur). Merkin Hall (362 8719).

Philharmonia Virtuosi, Richard Kapp conducting, Cyprien Katsaris piano. Milhaud, Liszt, Beethoven, Ibert (Thur). Carnegie Hall (247 7800).

WASHINGTON

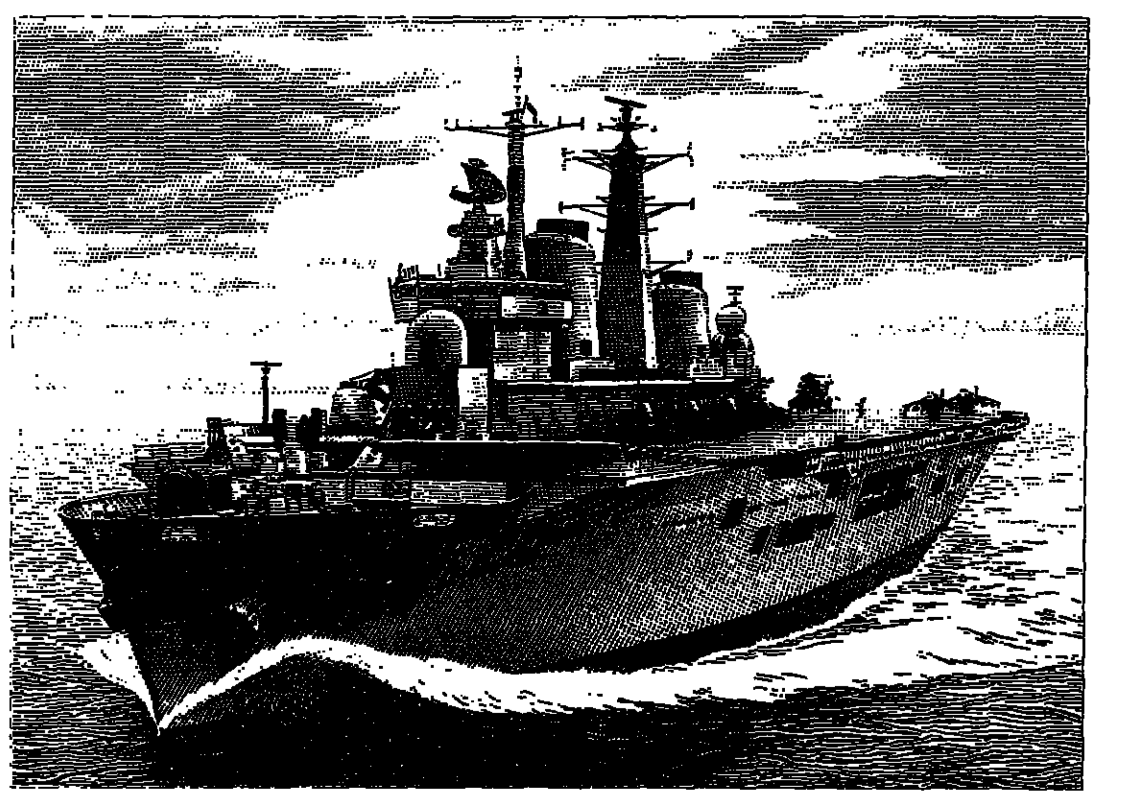
National Symphony, Mstislav Rostropovich conducting. Boyce, Tchaikovsky (Tue). Mstislav Rostropovich conducting also on Thursday with Eugene Istomin, piano. Rossini, Haydn, Brahms. Kennedy Center Concert Hall (254 3776).

CHICAGO

Chicago Symphony, Sir Georg Solti conducting. Mahler (Tue); Sir Georg Solti conducting, Adolph Herseth trumpet. Husa, Bartok, Brahms (Thur). Orchestra Hall (435 8111).

Radu Lupu and Murray Perahia duo piano recital: Mozart, Schubert, Brahms (Wed). Orchestra Hall (435 8111).

Continued on Page 15



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Cinema/Nigel Andrews

Unhappy Valley

John Hurt and Greta Scacchi in "White Mischief"

White Mischief directed by Michael Radford
RoboCop directed by Paul Verhoeven
Dead Of Winter directed by Arthur Penn
Terminus directed by Pierre William Glenn
My Life Without Steve directed by Gillian Leahy

Gather round, moviegoers. It is time for another game of Let's Pillory The Colonials.

You may remember seeing this game played several times over recent years: notably in Richard Attenborough's *Gandhi* and Hugh Hudson's *Revolution*. The object is for the film-maker to assemble as many well-known British actors as possible, fly them to a former outpost of the empire, cast them as upper class twits, cads or wastrels, and then congratulate himself on his enlightened view of Britain's imperial past. He scores ten points if he shows the nasty colonials perpetrating social injustice: twenty points for racial injustice: and fifty points for murder, rape or sexual deviation.

In *White Mischief* director Michael Radford takes us to bygone Kenya. Here, under a gruelling sun, he touches down with a cast led by Charles Dance, Greta Scacchi and Joss Ackland: the last playing Sir Delves Broughton, the old codger who became chief suspect in a nasty shooting incident in 1941 concerning his wife's lover.

Unfortunately, when this true-life story is translated to the screen, the nasty shooting incident turns out to be the movie. And director and co-screenwriter Radford, of *Another Time Another Place* and *1984*, has tinkered shamelessly with the historical facts. Radford takes the rudiments of James Fox's brilliant investigative book of the same title: the affair between Broughton's young wife Diana (Scacchi) and the handsome cad Lord Erroll (Dance), which ended in Erroll's mystery midnight murder on a country road outside Nairobi. But then, with co-writer Jonathan Gems, Radford has re-written the outcome so that the never-proven-guilty Broughton (Ackland) is shown to be the murderer.

This sin, it may be argued, is relatively minor. After all many writers, Shakespeare and Shaw included, have freely tampered with history. But what dismays is the tampering's outcome. Once the movie opts for solution rather than mystery, there is no destination but banality. Fox's hypnotic African conundrum becomes a routine eternal-triangle tale, Maughaming away in the tropics as the Brits show how deplorably they behave whenever out of range of the white cliffs of Dover.

Hand-in-hand with this misjudgment – which spreads a pall of melodramatic obviousness over every action and motive – is Radford's inability to get the cast to play anyone but themselves. Besides the three leads, there is a whole army of UK stalwarts out there in Happy Valley gamely doing the same old numbers they had been doing for years. Sarah Miles gurgles with feline insouciance as Alice de Janzé, the lay of the landed gentry. Geraldine Chaplin is distrait and high-strung as a planter's wife. And the late Trevor Howard, bless his heart, growls away in sun hat and jodhpurs as her husband.

The attempts to align these stars with their historical counterparts are perfunctory at best, risible at worst. Greta Scacchi wears a period hairdo and a snooty look, but is otherwise Greta Scacchi. Charles Dance's Erroll is introduced as "the most amusing man in Africa:" but a free safari holiday to anyone who identifies a witty remark from him during the film. He is merely Dance in the old-fashioned way – handsome, fish-eyed, phlegmatic – as he and the rest of the cast drift through the film in a haze of twilight-colonial cliche. Miss Miles even has to utter late-on that deathless standby, "Our whole way of life here is over." One wishes, at frequent points in this film, that a whole way of movie-making were likewise.

*

A relief to travel from 1940 Kenya to 1988 Detroit and *RoboCop*. Our title hero is part man, part machine: the product of hi-tech surgery. When policeman Peter Weller is shot up by hoodlums in the line of duty, what is left of him is knitted together with sophisticated metalwork and electrical circuitry. He is brought back into service by "OmniConsumer Products," who run the newly privatised police force. OCP's previous "enforcement droid," a metallic hulk looking as if it came from the Star Wars Surplus Store, ran amok on its first demo, brutally killing an assistant and causing OCP boss Dan O'Herlihy to look at the carnage and sigh, "I'm *very* disappointed." No one, least of all the audience, could be disappointed at *RoboCop*. As played by Weller, with only his lower face visible beneath the metal carapace, he is a knight made of shining armour. He charges boldly round Detroit, biffing, shooting or laser-raying the criminal elements. He sees through solid walls with "thermagraphic vision." And he also has human feelings: witness the tender by-play between him and patrolwoman Nancy Allen.

Holland's Paul Verhoeven, of *The 4th Man* and *Flesh And Blood*, directs his first Hollywood film at a winning lick. The strength of *RoboCop* is its humour. We are kept in touch with life in a decaying society by two odious TV newscasters, who keep popping up with the gale-force good cheer US television alone has mastered. Between news bulletins, interspersed with commercials for board games like "Nuke 'Em," we flash out onto the streets for more dering-do from the Cop in the Iron Corset. I shall not reveal the climax, in which our hero combats challenges from the most supra-human foe of all. Enough to say that it and the whole movie are, in one of the script's own felicitous phrases, "state-of-the-art bang-bang."

*

Dead Of Winter, directed by Arthur Penn, is state-of-the-art muddle-headedness. Please tell me: would you, if you were an aspiring actress, accept an invitation to an "auditioning" weekend with a film producer you have never heard of in his snowbound country lodge somewhere in New England?

I thought not. But Mary Steenburgen does. And she finds herself in the clutches of a "Mr Joseph Lewis" (Jan Rubes), who is apparently anxious to replace a murdered actress called Julie Rose with another actress (Miss S) who looks just like her. (But hold on, was there not a real-life Hollywood director called Joseph H. Lewis who once made a film with a similar plot called *My Name Is Julia Ross?* Yes. And there are other incestuous cine-nods here. Keep your Filofax of Movie Trivia handy.)

Miss Steenburgen soon realises that foul deeds are afoot. Mr Lewis is not all he seems. Indeed he is scarcely anything he seems. He purrs around in a wheelchair, talks with a foreign accent and listens to processed Chopin ("The piano is automated and so am I"). His secretary Roddy McDowell makes tea and gives strange strangled grins. And the increasingly apprehensive Miss S wakes up one morning minus a finger.

Soon there are hypodermics, cut telephone cords, isolating blizzards, bodies in the attic and the whole sub-Gothic paraphernalia. There are also several different Miss Steenburgens: almost as many indeed as you can count on the fingers of one hand, provided you have any fingers left. Miss S is excellent, Penn directs briskly, and it all helps to pass the time. But it also seems alarmingly lightweight coming from the film-maker who once made *Bonnie And Clyde* and *Little Big Man*.

Terminus, directed by Pierre William Glenn, is a sci-fi movie whose plot is as confused as its parentage. A French-produced movie shot in Hungary with multi-national stars (Johnny Hallyday, Karen Allen, Jurgen Prochnow), it staggers along on stepping-stones of dubbed English dialogue.

Someone is chasing someone else, who has escaped from somewhere in a futuristic truck. Someone else still is watching it all on a hi-tech monitor. There is a giant pair of talking lips. There are crashes and explosions. There are frequent shots of Good Year tyres (this is known in the trade as "product placement"). And above all there is dialogue – "We have ways of making you talk" – which assures one that characters in bad movies will still be speaking the same way even in the next millennium.

What one needs in Gillian Leahy's *My Life Without Steve* is a character who has ways of making the heroine stop talking. Naught for your comfort, I fear, in this first Aussie import of the Bicentennial year. A turgid voice-off monologue is pasted over shots of Sydney harbour and the speaker's memento-scattered flat. She recalls her broken love affair, she coins glib, resistible profundities ("Little memories are like nuclear waste") and she makes it painfully clear why "Steve" left and why much of the audience will probably follow suit before the film's 53 minutes are up.

François Le Roux/Wigmore Hall

David Murray

Not very long ago I admired Le Roux in a Campra opera at Aix, but I missed his Wigmore mini-début (in an ensemble concert) last autumn, when his fortissimo caused some dismay. For his recital on Wednesday he had evidently been warned: though he didn't roar as gently as any sucking dove, he allowed his operatic powers some rein without blowing out the gas-lamps. In fact he did justice to a fine (if rather mingily brief) conspectus of the *mélodie* while giving ample grounds for the widespread belief that he will be the most sought-after French operatic baritone for years to come.

The lusty power of his voice is as much a matter of penetration as of size – the edge of his diction is reliably sharp, though a solid depth of tone supports it. If he lacks the extreme technical finesse of Bernard Kruysen or the young Souzay (especially in soft singing), he boasts the franker vocal personality favoured among the new generation, and a bolder theatrical variety of timbre on a big-house scale. Again in the modern manner, dramatic effects – achieved cleverly and sensitively – get priority over "purely" musical subtleties.

Just for those reasons, he made a great impression with André Caplet's "Trois Fables de la Fontaine," settings of no great musical ambitions which nevertheless exploit a wide vocal range to capture vividly the neat, dry cruelties of the parables. Similarly he turned the drunken last song of Ravel's *Don Quichotte* set into a tangy vignette, while missing the elevated intensity his fast-rising young competitor Jean François Gardeil found in the "Chanson épique" at *his* Wigmore debut in October.

Le Roux couldn't quite persuade us that Ravel's fragile Clément Marot songs are apt for a baritone; but he was strongly communicative and decently stylish in Duparc and in Reynaldo Hahn (was it worth it? Two songs like half-remembered Mendelssohn, two on texts incomparably better set by others: I own to a deaf spot for Hahn). And his intimate, fervent Debussy "Promenoir de deux amants" made his Royal Opera Pelléas next year a seriously exciting prospect.

In everything he had inestimable support from his American accompanist Jeff Cohen, whose combination of expert loyalty with an unapologetic creative thrust is rare. Cohen will have a good claim to step into Dalton Baldwin's shoes, when Baldwin turns them in for carpet slippers.

BBC Symphony/Festival Hall

Andrew Clements

BBC Symphony Orchestra concerts can generally be relied upon to have a definite shape and intention, whether the focus be the performance of a major repertory item or the introduction of a substantial contemporary score. There are two possible explanations for the curiously planned programme offered at the Festival Hall on Wednesday – that it was conceived as a showcase for the conductor, Gianluigi Gelmetti, or that the centrepiece was intended to be the first British performance of Sergio Rendine's *Hermes*. Neither proved particularly convincing, though Gelmetti continued to confirm much of the good impression created by his debut with the BBC SO at last year's Proms, when he conducted a controversial, but undeniably exciting account of *The Rite of Spring*.

Two Rossini overtures framed the Rendine work – those to *Il Signor Bruschino* and *L'italiana in Algeri* – and Gelmetti presented them with broad good humour and well drilled orchestral playing. A second half of Ravel's *Le Tombeau de Couperin* and *Boléro*, separated by Debussy's *Prélude à l'après-midi d'un faune* provided a sterner test but relatively little substance, though there was much distinguished solo wind playing, and Gelmetti is evidently keen to mould his performances along generous curves.

Rendine was born in 1954, studied in Rome and Pesaro, and now teaches at the Casella Conservatory. How typical of his music to date *Hermes* is, I cannot judge; it was completed last year for the Frankfurt Opera Orchestra and is dedicated to Gelmetti. The composer's brief programme packs so much pretension into so few words that it provided a rather doubtful aid to comprehension. What emerged was was a 17-minute continuous movement of uncertain direction, a slowly drifting fog of textures through which fragments of quotation gradually form – most of them are too brief to be easily identified, yet the collage gradually dominates the argument, until the closing section is composed of nothing but second-hand material. The procedure invites comparison with works by Berio and Zimmermann, but lacks the former's wit and sleight-of-hand, and the latter's baleful intensity. Rendine's result is dislikeable and, I fear, distinctly unmemorable.

Cat on a Hot Tin Roof/Lyttelton

Michael Coveney

This white hot revival of Tennessee Williams's great study of social unease, sexual ambiguity and wholesale domestic mendacity on a cotton plantation in the Mississippi Delta is the second raw chunk of American mid-century drama to open in London this week. An awful lot else dwindles in comparison.

When Peter Hall directed the British premiere 30 years ago, he was obliged to do so behind locked doors in club conditions. The House of Lords, voting on Clause 28 in the Local Government Bill the other night, seems determined to take us back to those dark days. For the drunken retired sportsman Brick, heir to Big Daddy's estate and defiantly resistant to the wily devotions of his slinky wife, Maggie the Cat, carries a torch for a boy who has died.

You could hardly say that the play "promotes" homosexuality. But the complicated, animal sexuality of Maggie, is somehow ignited by Brick's indifference. And in the stupendous second act confrontation with his father, Brick transcends questions of appetite or fancy by trying to articulate the pleasures of male bonding. It also transpires that Maggie seduced Skipper in order to get closer to Brick.

Howard Davies, after a long and fruitful association with the Royal Shakespeare Company, crosses the river to direct as powerful, poetic and spellbinding a version of this piece as you are likely to see. Having seen it, you will appreciate fully the pernicious folly of Clause 28 as it now stands.

Alastair Muir

Ian Charleson and Lindsay Duncan

Like Hall, Davies uses the original text, ignoring the third act revisions elicited by Elia Kazan on Broadway. This leaves Maggie a harder, less insidiously charming, and more convincing character, keeps Brick plunged in his traumatised post-confessional stasis, and, most tellingly, confines Big Daddy to a curtain-up exit and a few offstage dying wails as the cancer takes hold.

As in *A Touch of the Poet*, the dialogue has the richness of a novel, and it certainly seems in the playing of Ian Charleson as Brick and Lindsay Duncan as Maggie that we are witnessing not just the end of an affair, but the whole of peripheral life as well. Miss Duncan finds new depth and edge to her comedy playing, a lethal vengefulness breaking around her golden hair and alabaster shoulders. Mr Charleson is stricken almost to the point of catatonia, a ruined athlete in shimmering white exactly conjuring the Williams ideal of a helpless male divinity. These are two performances of driven majesty and great poise.

As in O'Neill, too, there is the sense of painful truths cathartically unleashed. Nowhere more so than in Big Daddy's descent from exotic travelogue memories to the harsh reality of a familial chasm. Eric Porter, not yet 60, has been away from our stages for 12 years. Twelve years too long. He conveys Daddy's bigness by acting it, not padding up for a Burl Ives imitation. And his silken, eloquent delivery of some of the finest speeches in modern drama is a major contribution to the electrifying buzz of this production.

Willian Dudley's plantation setting combines the heat-soaked elegance of slatted doors and bamboo furnishings with the material evidence of dynastic wealth, exterior marbloid pillars and an incongruous chandelier. Mark Henderson's evocative lighting plays its part, too. Davies's casting is choice and irresistible, from the grasping "respectable" couple of Paul Jesson and Alison Steadman, with their hideous fat little brood of no-necks, to the devastatingly intoned Big Mama of Barbara Leigh-Hunt, a woman you could all too easily learn not to love after 40 years.

Seascape/Finborough Arms

Martin Hoyle

This is a movie with Barbra Streisand and George Segal of about 20 years ago that was never made. To his book-strewn seaside home Ben brings the half-drowned Tracy, a girl he has just fished from the waves. He is a writer or rather, it transpires, a librarian who keeps the unfinished *MS* of the Great American Novel in the fridge. She may be unknown but after five minutes she is awfully familiar: the bruised American kook with a tongue of sandpaper and a heart of – you can guess. Defensive, aggressive, she abuses her saviour; every time friendliness, understanding or even tenderness creeps in, she puts the boot in first.

"You like me, don't you?" she asks anxiously, adding defiantly, "You'd better *not* like me." Whenever Ben agrees with her or even answers her she snarls "shuddup" or "don't patronise me." She tells her waif-like story in the third person. He tells his likewise, all about saving a wounded bird from the sea, to which she prettily ripostes, "Do you mind if I puke on your foot?" When she avers that "most people who aren't gonna rape me throw me out after 20 minutes," one assumes the worst since Don Nigro's play runs to two acts spread over five months.

Needless to say their relationship blossoms overnight, and we next glimpse her in his big red shirt while he sports that informal leisure wear that the Americans use as underclothing. Mr Nigro is an experienced and prolific playwright, as illustrated by this shortish comedy enjoying its European premiere in the pub theatre above the Finborough Arms, off the Old Brompton Road. Almost too proficient, perhaps; in Tracy one detects a dash of Holly Golightly, a *soupçon* of Sally Bowles, a sliver of the zany Streisand tart in *The Owl and the Pussy Cat*. Love runs its predictable if bumpy course, with the superhumanly forgiving Ben pardoning everything; and the end of the play finds them cautiously set for a tenderly abrasive eternity, for all the world like a junior version of George and Martha in *Virginia Woolf*.

Gerard Murphy's direction and the cast of two make the characters likeable, and raise the last ten minutes to a more serious level of trenchant emotional exploration. There is a terrible logic to Tracy's uncomprehending kicking against Ben's unflagging niceness, since she cannot believe that his reactions are those of normal humanity. Holly de Jong avoids cuteness, which makes the girl's ambivalent attitude to pregnancy both believable and touching. Christopher Milburn plays Ben as totally English: the character's sweetness emerges as a rather endearing example of old-fashioned public school chivalry. Both young players are obviously talented; the play is never less than sleekly tailored and professional. Does the long list of Mr Nigro's works include something on less conventional lines?

Italian Inspiration

Richard Fairman

Rossini and Bellini could only muster a handful of instrumental works each. Verdi surprised himself when he decided to compose a string quartet. To Italians who lived and worked in their native country it was the human voice, rather than instruments, that was the prime source of music and this short series of concerts, entitled "The Italian Inspiration," has quite properly found a place for vocal music in each programme.

With Wednesday's concert at the Elizabeth Hall, the third and last, we reached the early 19th century. The centrepiece of the evening was a selection of popular arias by Rossini, Donizetti and Bellini. Ideally one would have an Italian soprano to sing them, but with the current dearth of top-flight native singers in this area there can be no regret at hearing Arleen Auger, following after other *bel canto* Americans such as Lily Pons and Beverly Sills.

The entry in Grove's speaks of Pons as having an "agile, fragile" voice, a description that is very nearly as apt for Auger on this form. (To my ears Auger sounds more beautiful than either of her predecessors.) At times the very top notes were so feather-light that one hesitated for a second to wonder whether they were there at all: but they were, clearly so from the middle of the stalls, and all ravishingly gentle.

In Juliet's limpid aria from Bellini's *I Capuleti e i Montecchi* the soft-textured, delicate singing ("fragile" is indeed the word) could hardly have been more lovely. But one does miss the genuine Italianate red corpuscles: her Donizetti arias lacked fizz and in Rossini's "Bel raggio" from *Semiramide* the runs of semiquavers trickled past easily, amiably, accurately - but never brilliantly. No Italian would ever sound so modest.

After the interval the English Chamber Orchestra under Raymond Leppard closed the series with Cherubini's Symphony in D, written for a commission in London. This was an alert and enthusiastic performance (some rough edges from the violins) without being enough to dispel doubts about the monotony of the symphony's material: ironically its main drawback is a lack of precisely those singable melodies that one would expect from a composer of the Italian tradition.

Arts guide

February 5-11

Continued from Page 14

Exhibitions

LONDON

Tate Gallery. Douglas Cooper – The Masters of Cubism. A small but choice selection of 81 works on paper from Cooper's collection of cubist art of all kinds but principally of the work of the great quartet of Picasso, Braque, Gris and Leger. Ends April 4.

Tate Gallery. Young Turner: Early Work Until 1800. The latest in the continuing series of small temporary exhibitions in the Clore Gallery devoted to the many aspects of the vast number of water colours and drawings in the Turner bequest. This display covers the crucial 12 years or so from the mid-1780s which saw Turner mature with astonishing rapidity from competent conventional topographist to a virtuoso of the medium of water colour of astonishing breadth, freedom and originality. Ends March 20.

PARIS

Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zurbaran progressively abandons the strongly contrasted rich colours for a softer palette with near monochromes. Reversing the perspective, using geometrical composition settings and shedding everything superfluous, the mystical painter of the counter-reformation seems to be a precursor of Cubism. Grand Palais. (42560924). Ends April 11.

Musée des Arts Decoratifs. More than a thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 18th century woodcutters or modern designers recreate the enchanted childhood world of villages and dolls, horses and trains. 107 Rue de Rivoli (42603214). Ends Feb 14.

Grand Palais. Treasures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Austria, bear witness to a luxury-loving civilisation which flourished in the Celtic universe. Bronze armour, cauldrons, the crater from Vix, all imported from Greece or Etruria. (42560924). Ends Feb 15.

Musée D'Orsay. Van Gogh in Paris. More than 60 paintings mark the centenary of Van Gogh's two-year stay in Paris, a period which proved decisive in his artistic development. They come from national and private collections – the largest contribution is from Amsterdam – and a dozen of his drawings of landscapes, still life and portraits. The exhibition is completed by some 50 paintings by Monet, Anquetin, Renoir, Toulouse-Lautrec and Signac whose influence helped transform the Dutch artist's traditionally sombre palette into a blaze of primary colours. Yet despite the revelation of his affinities with impressionism and pointillism structured by a strong dose of "Japanism," Van Gogh used both techniques to express his profoundly personal artistry. (45 49 48 14). Ends May 15.

WEST GERMANY

Munich, Villa Stuck. Pablo Picasso exhibition (on loan from the Hanover Sprengel Museum) displays around 300 paintings, drawings, graphic art prints from the artist's complete artistic range, spanning cubism, classicism, and surrealism, as well as Picasso's later work. Prinzregentenstr 1. Ends Feb 28.

Stuttgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schossplatz 2. Ends Feb 21.

ITALY

Rome, Palazzo dei Conservatori Campidoglia. Hidden Treasure: The Imperial Silver Collection From Kaiseraugst. An extraordinarily fine collection of silver tableware dating from 350 AD, hastily buried by two Roman generals, Marcelliano and Romulo, when the Castrum Rauracense (the site of the modern village of Kaiseraugst) on the northern perimeter of the troubled Roman Empire was threatened with barbarian invasion. They clearly intended to collect their possessions once the danger was past. The treasure was discovered in 1962, during excavation work for the foundations of a school. 254 pieces – weighing 37 kg of 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 Roman soldiers. The portraits on the 167 fine coins and ingots have made it possible to date the collection precisely. There are delicately-curved, long-handled spoons, some silver beakers (glass was already more fashionable), serving dishes – one splendid octagonal, one decorated with a frieze recounting the life-history of Achilles, and yet another rectangular, decorated with a charmingly improbable fish. There is also an elaborate candlestick with markedly oriental decoration, inlaid with gold. Ends Feb 14.

Rome, Galleria Nazionale D'Arte Moderna. Van Gogh: Paintings and Drawings 1883-1890. The hysteria caused by the opening of this long-awaited exhibition put the fragile organisation of Rome's major modern art gallery under severe strain on opening day. Things should be calmer towards the end of the two-month run. Around 60 drawings and 42 paintings have been lent by Dutch galleries, including the Rijksmuseum Van Gogh in Amsterdam and the Kroller-Muller in Otterlo. Works ranging from the fierce, dark intensity of The Potato Eaters, and the portraits of peasants and landscapes painted at Neunen in Southern Holland in the years 1883-85, through the joyous Path Through The Woods (Paris 1887), the exhilaration of the cornfields and olives of Arles and Saint-Remy, to the last works at Auvers-sur-Oise. One is left with an extraordinarily mixed series of emotions. Ends April 4.

SPAIN

Murcia. Sala de Exposiciones. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. The romantics established a spiritual-landscape tradition which proved to be indigenous and an enduring influence in the century to follow. This lineage can clearly be traced from the 19th century through Nash, Sutherland, neo-romanticism, Moore, Bacon and british abstraction of the 1950s to the artists represented in this exhibition. Ends March 3. Moves to Circulo de Bellas Artes, Madrid for March 10 to April 17.

SWITZERLAND

Geneva, Galerie Jacques Benador. Alberto Giacometti drawings and rare prints. 7 rue de l'Hotel-de-Ville. (21 61 36). Ends March 26.

WASHINGTON

National Gallery. A centenary retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes. Ends Feb 21.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as doing numerous commissions for German royalty. Ends Feb 28.

TOKYO

Seibu Gallery, Seibu Department Store. Ikebukero drawings, photographs and videos by Christo. Of special interest are the designs for a project that could be realised later this year – the simultaneous erection of thousands of octagonal umbrellas in both the US and in Japan: yellow to blend with the desert landscape of California, and dark blue to merge with the lush greenery of a valley in central Japan. Closed Thursdays. Ends Feb 16.

Suntory Museum, Akasaka Mitsuke. Japanese ceramics. A representative selection of about 100 items from the museum's collection, ranging from pieces from the Nara period in the 8th century to the present. Best are those from the 14th to 18th centuries, the heyday of Japanese ceramic art. The items are well labelled in English and there is an excellent all-colour catalogue. Closed Mondays. Ends Feb 14.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba, Prints by Munakata Shiko; pottery by Kawai Kanjiro. A special exhibition featuring works by two of the leading Japanese artists of the 20th century. Munakata's prints are dynamic and vertiginous (possibly because he was near-sighted from his youth onwards); while Kawai's distinctive style favours brightly coloured glazes. Don't miss the superb standing collection of crafts from all over Japan, housed in a replica of an old farm-house building which accords perfectly with the un-selfconscious beauty of the objects. Closed Mondays.

Tobacco and Salt Museum, Shibuya. Beauties of Edo. Pleasure was pursued avidly by the people of Edo (present-day Tokyo) and the courtesan was therefore an important figure in this "floating world." The highlights of this exhibition are inevitably the woodblock prints by Utamaro, the great master of female portraiture whose scenes of the licensed quarters have great wit and elegance. Closed Mondays.

Tokyo Metropolitan Teien Art Museum, near Meguro. Sweet Memories. Views and genre scenes of Tokyo, focusing on ordinary people and their lifestyle from Edo era woodblocks to contemporary works. An evocation of a city that is, for the most part, no more. The museum is housed in the former residence of a member of the imperial family and has a lovely garden and one of the world's finest art deco interiors. Closed Mondays. Ends Feb 14.

Saleroom/Antony Thorncroft

Strong market for silver

A pair of silver wine coolers, made by Paul de Lamerie in London in 1727, sold for £462,000 at Sotheby's yesterday, to Koopman, the London dealer. The coolers had been part of the service, provided by the state, which Lord Chesterfield took with him to The Hague in 1728 on his appointment as British ambassador.

They had originally cost £252 13s 9d. On top of de Lamerie's silver mark is that of his fellow Huguenot, Paul Crespin, who had been commissioned to provide the silver service, but who obviously contracted some of it out to friends. The coolers were sent for sale by Lord Chesterfield's descendant, Lord Carnarvon, who was disposing of forty two lots of silver to raise money for a maintenance fund for his home, Highclere Castle near Newbury. As a result of a very successful auction he is just over £1m richer.

While other sectors of the antiques market have their problems silver goes from strength to strength. The whole auction, consisting of just 118 lots, brought in £1,462,560, with less than one per cent unsold. Sotheby's silver expert, Peter Waldron, declared the sale to be "wonderful." It was the old story of good things with an excellent provenance being always in demand. The coolers sold for well over their £300,000 top estimate.

Koopman bought the four top lots, paying £104,000 for a pair of wine coolers identical to the de Lamerie which a later Earl of Chesterfield had commissioned in 1826 from Robert Garrard and Brothers to match the originals. Koopman also paid £143,000 for a pair of William III ewers, made in London in 1700 by Pierre Harache. An export licence would be temporarily refused on the wine coolers, at least, to give British museums a chance to keep these rare items in the UK.

Lord Chesterfield, best known for his letters to his son, was a successful diplomat despite being dismissed by King George III as "a little gossiping tea table scoundrel." The present Lord Carnarvon is opening Highclere to the public in July. It can expect to find little silver to gawp at. Even before yesterday's clear-out three burglaries in twenty years had denuded the Castle of most of its finest silver.

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Mr Reagan's lost cause

TWICE IN the last 10 years, the US Congress has narrowly but decisively despatched an important message about American relationships with its southern neighbours. In 1978 it ratified the treaty transferring control of the Panama Canal from US hands by the end of this century; on Wednesday night it denied the Administration more funds for the Nicaraguan Contras. On both issues Ronald Reagan was on the losing side.

Monroe principle

His Administration has always had its obsessive qualities. In foreign policy, its leitmotif has been a fixation with the communist threat around the world. This has not prevented the US from signing one arms control agreement with the Soviet Union and seeking to negotiate another, but, especially where its southern back door is concerned, fear of communist intrusion has been dominant.

It is natural that the US should have a close interest in central America and the Caribbean . The Monroe Doctrine laid down the principle 165 years ago and there has been a consistent record of US intervention in the region ever since. President Kennedy became consumed with Castro's Cuba as a Soviet beachhead. The same perceived threat induced President Johnson to send troops to the Dominican Republic and Mr Reagan to invade Grenada.

But no US Administration has allowed its priorities to become so skewed as Mr Reagan's in its policies towards the Sandinistas. At the cost of no real Contra successes on the ground, the President has had to put his prestige on the line with monotonous regularity in trying to extract funds from Congress. More than that, his obsession brought about the Iran-Contra scandal, which undermined the credibility of his second term.

Mr Reagan can console himself that at least the Sandinistas are talking to the Contras, something that might not have happened without US support of the insurgents. But the Contras constitute nobody's ideal, other than Mr Reagan's, of a legitimate democratic force, and, stripped of that support, it is hard to be optimistic that the talks will get far. Continuing pressure on the Sandinistas to be reasonable, however, will result from Nicaragua's dire economic plight and the unwillingness of the Soviet Union to continue pouring money down a sinkhole.

But the key to the President's political failure at home has been his inability to convince his public and politicians that a hostile regime in a country as small as Nicaragua constitutes a threat to US domestic security. In this latest instance, the existence of an alternative peace plan, devised by President Arias of Costa Rice and aimed at the whole region, may have been a contributory factor with Congress. But the undeniable conclusion is that Mr Reagan's case was never good enough.

Emotional commitment

The optimal solution would be for the US honourably to cut its losses by supporting the Arias plan as the best available, if imperfect, vehicle. For President Reagan this may be too much to expect, given his emotional commitment to his "freedom fighters." But the next US President, less constrained, might consider economic assistance, conditional on good Nicaraguan behaviour.

There are wider lessons, too. The Administration has been showing welcome, if belated, signs of attending to problems in southern Africa and the Middle East. It is hard to know what to make of the latest talks on Angola, other than to note that they did involve direct contacts between the US and Cuba; similarly the shape of a new US initiative for Israel's occupied territories remains indistinct, but the despatch of the State Department emissary to the region holds promise. More of this, and less on Central America, would restore a necessary balance to US foreign policy, even in an election year.

Timely warning to the banks

TWO OF THE world's most prominent banking supervisors have recently pointed out the risks which international banks are running by making, not inadequate, but excessive provisions against their loans to Third World countries.

Mr Gerry Corrigan, the President of the New York Fed, said last week that banks which provide heavily in the expectation that debtor countries will fail to repay their debts may only create "self-fulfilling prophesies." Earlier this week, Mr Robin Leigh-Pemberton, Governor of the Bank of England, told bankers in the City that excessive provisioning would not only damage their interests but "send misleading signals to the debtors themselves."

Striking utterances

These utterances were striking because banking officials usually urge banks to make more rather than fewer provisions. Even if they do believe that provisions are adequate, it is rare for them to say so in public. However, the circumstances of Third World debt are also highly unusual, particularly at this time when new approaches to the problem are being tested. Provisions and in some cases write-offs are proliferating, and an innovative bond financing scheme has been proposed by Mexico which requires banks to compete in reducing the value of that country's loans.

The principle that borrowers must honour their debts is fundamental to banking, and bankers and supervisors both have to defend it. Debtor countries are already arguing, from the observation that their creditors do not expect them to service their debts in full, that they should not be expected to.

At a more practical level, there is also concern in the banking industry that provisioning is being used by strong banks as a competitive tool to outpace weaker banks. This worry is shared by supervisors who would prefer banks to provide in a broadly similar range: this prevents invidious comparisons being made, and aids the orderly management of the debt problem. Mr John Reed, the chairman of Citicorp, who started last year's provisioning rush, has made himself highly unpopular among his competitors, and the enthusiastic applause which greeted Mr Leigh-Pemberton's comments this week reflected the frustration of bankers who have had to sacrifice hard-earned profits and capital to match Mr Reed's provision levels.

However, there is also little doubt that banks must make the final judgment about provisioning levels themselves, and be free to go beyond the commonly accepted norms if they want. If the Mexican auction results in that country's loans being priced at only 50 per cent of their face value, it will be hard for banks to justify carrying them on their books at 60 or 70 per cent let alone 100 per cent, no matter what supervisory concessions are made to disguise the discrepancy. If, as a result of higher provisioning, the stronger banks gain a competitive advantage, that is their reward for good management.

Checks and balances

There are checks and balances to discourage banks from going too far: they would probably not obtain tax relief for obviously excessive provisions, and their balance sheet ratios would suffer in countries like the UK where provisions are docked from capital.

Nevertheless, when making their decisions about the level of provisions, individual banks are unlikely to take account of the effect on debtor behaviour if all their competitors feel obliged to follow suit. Mr Corrigan and Mr Leigh-Pemberton were right to remind them that more is at stake than tomorrow's share price or the next six months' results.

Andrew Fisher reports on West German manufacturers' struggle to come to terms with a high D-Mark and low economic growth

Crossing the pain threshold

Companies are shifting production abroad, buying parts from cheaper countries and increasing automation

WEST GERMAN industrialists are not reaching for the panic button yet, but they are starting to finger their worry beads.

Now that the economic outlook has dimmed and the D-Mark soared, companies are bracing themselves for difficult times. Exporting has become chancier, labour costs have increased and short-time working has crept into some vulnerable sectors, especially those with a high export dependence, like cars and machine tools.

An early victim of the slacker growth trend – last year's 1.7 per cent rise in gross national product was the lowest for five years – has been the cosy relationship between the business establishment and Chancellor Helmut Kohl's centre-right coalition in Bonn. It has been soured by the Government's reluctance to stimulate domestic consumption – regarded as the main economic impetus now that exporting has become harder. Along with fiscal incentives for investment, many industrialists would like to see more deregulation, for example in retailing, and cuts in subsidies, notably to farmers.

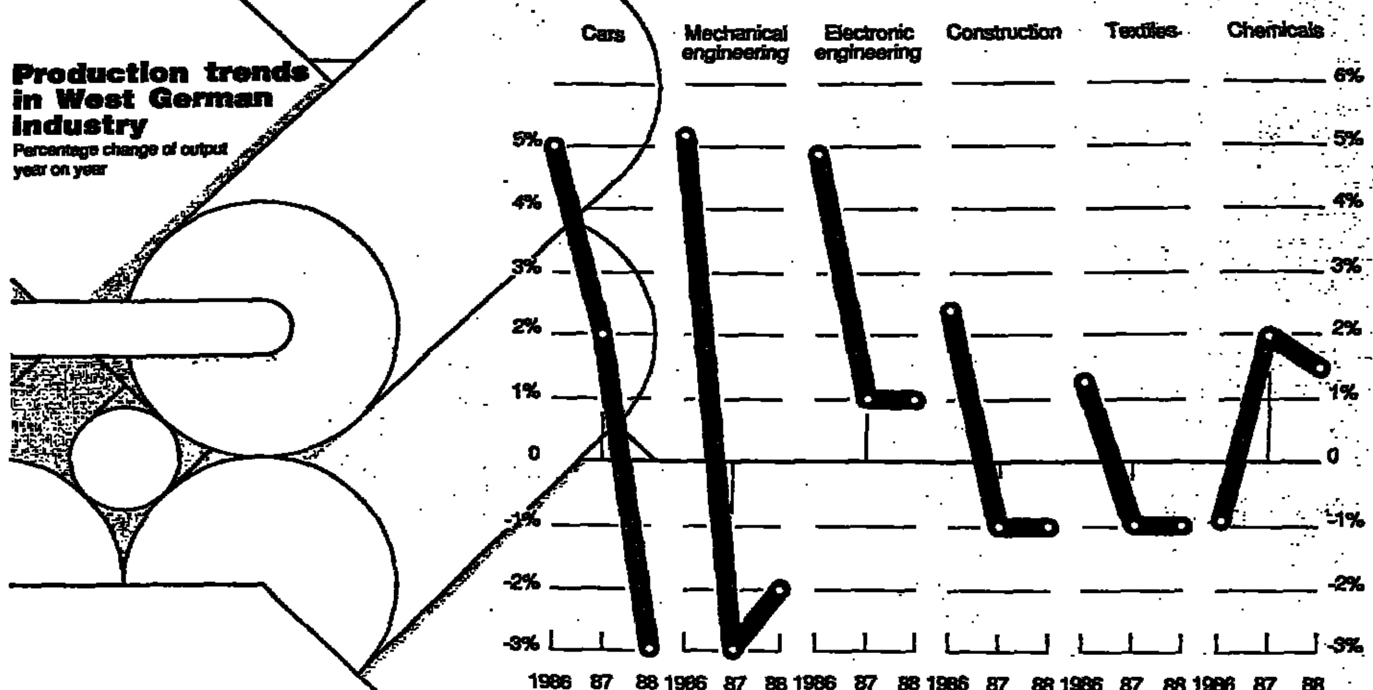
The consensus is breaking down in other ways, too. Manufacturers are voicing renewed alarm about union moves to reduce working hours further. Mr Edzard Reuter, chairman of Daimler-Benz, has called for an end to demands for a 35-hour week and suggested a wage freeze. He has also criticised the policy-making competence of the German and other Western governments, incurring the wrath of Mr Gerhard Stoltenberg, the beleaguered Finance Minister.

Even so, neither he nor most other businessmen predict recession. Although growth is only expected to be between 1.5 and 2 per cent this year, it is better than nothing. West Germany remains one of the most prosperous countries in the world and its people are among the best dressed, best fed and most widely travelled.

But industrial confidence has become fragile. This has long been reflected in the stock market, where foreign investors have turned bearish on the prospects of leading exporters. In the long term, Germany's standards of quality, reliability and service should see the best companies through. But managers have had to work hard to offset the disadvantages of the country's high labour costs and high currency to remain competitive against US, Japanese and European rivals.

Mr Leif Lundkvist, the Norwegian chairman of Deckel, Germany's largest machine tool manufacturer, has decided that the time has come to dust off his copy of Peter Drucker's Managing in Turbulent Times. Like many other managers, he has been seeking ways to cut costs, spread materials purchases outside Germany and form partnerships in markets where the strong D-Mark makes exporting near impossible.

Deckel's direct exposure to the US market is small. But industries like vehicles, engineering and aerospace, all with important overseas markets, are feeling the pinch. "There's no doubt that several customers are being hurt by the high D-Mark relative to the low dollar," he says. "Once you throw that rock into the water, there's no telling where the ripples will spread."



To try to minimise the impact of the low dollar, Deckel has signed a deal with Hurco, a US company, under which the latter's electronics and control systems are installed in machine tool housings shipped from Germany. This means an important part of the product's value is insulated from currency fluctuations. Shipping 100 per cent of a product with the dollar around DM1.60 "is disastrous for anybody," he says.

After the latest, much improved US trade figures, the dollar recovered. But it is still way below the levels of a year ago, when it was nearly DM2.00, or three years ago when it approached DM3.50. Yet it is not so much the level of the currency that hurts, as the speed with which the dollar has declined.

This has lent urgency to companies' efforts to pare costs, shift more production abroad, purchase parts and materials in cheaper countries and increase automation. "Any modern company that wants to be successful has got to be exceedingly flexible," says Mr Heinz Duerr, chairman of AEG, the electrical and electronics concern controlled by Daimler.

He began warning about the consequences of the sliding dollar in 1986. "In the meantime, the pain threshold has been passed in many sectors." AEG, still rebuilding its finances after its near bankruptcy in the early 1980s, is investing heavily in research and modernisation and shifting more business into local markets.

Some 45 per cent of its trade is with foreign customers. But of that, only 30 per cent is in products that are made outside Germany. "We have to bring that up to 50 per cent," says Mr Duerr. AEG's modernised plant in Turkey has become its main exporting source for transformers. Other lower-cost countries where it has factories include Spain (electric motors and engineering components), Mexico (typewriters) and Brazil (televisions and communications equipment).

In the US, AEG established a foothold in the computer sector through the purchase in 1986 of Modular Computer Systems (Modcomp), a Florida company specialising in process control and scientific equipment. As well as gaining valuable know-how, AEG can take advantage of the lower dollar by exporting from the US.

Its bigger electronics rival, Siemens, is already advanced in its aim of becoming an onshore producer in the US. "Some 80 per cent of its US turnover, which should total nearly $3bn this year, is produced locally. Moreover, Siemens exports about 20 per cent of its US output."

Siemens sounded alarm bells last November when it announced a dividend cut after a fall in profits, reflecting the high D-Mark and the worsening investment outlook.

The general mood at the start of 1988 is more downbeat. "There is no reason for panic," stated Daimler's Mr Reuter in a recent newspaper interview. "But, after the stock market collapse of October 19 1987, the problems of the world economy have become virulent in a way that anyone can recognise."

Financially, big companies like Daimler, Siemens or Volkswagen have little to worry about in the short term, since their cash reserves are high. Siemens often has to defend itself against the charge that it behaves more like a bank. But to sharpen their technological edge, Germany's industrial companies need to invest heavily in research, product development and plant modernisation or expansion.

Two of the heaviest spending industries are cars and chemicals. While much of the spending by the big chemical concerns, Hoechst, Bayer and BASF, has been overseas, notably in the US, the car makers have concentrated most of their investment at home. After five years of rising sales, their industry faces a less buoyant year. For the chemical sector, the outlook is more positive, since the build-up of US and other capacity outside Germany has helped companies benefit from the strong D-Mark.

The up-market motor groups like Daimler and BMW do not manufacture cars outside Germany, apart from their South African plants, though Daimler makes trucks abroad. Their policy is to keep production at home so as to maintain a close watch on quality and uphold the valuable Made in Germany image. Both have upgraded models through improving electronics, safety and comfort. Exports to the US have been hampered by the low dollar.

BMW, however, has stolen a march on Daimler. It introduced its sleek top-of-the-range 7-series more than a year ago and has seen it head the executive car popularity lists. Since then it has unveiled its mid-range 5-series, continuing the smooth styling of the 7-series.

The luxury sports car maker, Porsche, is sorely in need of new models (and buyers) and suffering acutely in the wake of Wall Street's Black Monday. Its sales have slumped in the US, which takes more than half its output, workers have been put on short time and the previous chairman has stepped down in favour of his deputy.

German industry as a whole is far less dependent on the US market than the hapless Porsche. Around a tenth of the country's exports go directly to the US; the European Community takes half. Even so, companies with a strong European bias are also having problems. In the past three years, the D-Mark has risen by 9 per cent against other currencies in the European Monetary System and a further EMS realignment is expected later this year.

Mass car producers like Volkswagen, Ford-Werke (part of Ford Motor of the US) and Opel (part of General Motors) have experienced sharply rising sales in Europe. But they have had to work hard at their costs as currency shifts have made German workers the industry's most expensive. Labour is being shed, though not through compulsory redundancies, automation is increasing and more parts are being purchased abroad.

All three import their small, low profit margin cars from Spain, where labour costs are far lower: VW owns the Spanish Seat company. In what seems a paradoxical decision in view of the low dollar, it is closing its US factory, arguing that the market has become too fragmented to make local output worthwhile. Instead, it exports its cheap Fox model, made in Brazil, to price-conscious US drivers.

At Opel, the cost-drive has led to more emphasis on switching supplies to foreign sources. It buys steel, as well as some steering, electrical and other components from the UK, and has seat covers made in Spain. Mostly, says Mr Horst Herke, Opel's chairman, it is the lower technology parts that are bought elsewhere. "High-tech, you don't have that kind of a choice."

The more unique and sought after the product, the more chance its manufacturer has of surviving in rougher export markets. "There are always oases," says Mr Walter Bergerhof, head of Knauer, a small company which makes paving stone machinery. Some 70 per cent of Knauer's sales go abroad, chiefly to the US and Japan.

Costing anything up to DM1.5m, its machines are not cheap. But their high electronic content means they are advanced enough to attract orders, despite the low dollar and high D-Mark. "So far," adds Mr Bergerhof, "we have not suffered from the weak dollar." But there will be problems if investment spending suffers because of the cloudier economic outlook. "We will be hit if investments are reined back," he says. For big and small companies alike, the next few years are likely to bring some nasty jolts.

OBSERVER

Crisis, what crisis?

■Attempting to define the crisis in the National Health Service is becoming as difficult for those inside the service as those outside.

Christopher Bridge, associate general manager at Charing Cross Hospital, London, or "deputy chief bureaucrat", to quote his own joke, said yesterday: "When people are approached in the street and asked for their perspective of the NHS it always seems hostile. Ask them about their local hospital and they will give a most glowing appraisal."

It was the same with the taxi driver earlier in the week who said: "I don't know much about this health service dispute but it worries me, it does."

Put on the spot Bridge came up with four reasons. Firstly, particularly because of the ageing population and technological developments, there is an increasing demand for the service. Secondly, while funding has increased, it has not been sufficient to prevent cash being drawn from other spending areas to top up staff pay which amounts to 70 per cent of all NHS spending. Nurses' pay is a real issue because that accounts for about a third of the NHS budget.

The issue has been exacerbated because unpopular cost cutting exercises have been attempted, such as reducing allowances for nurses on night duties and meal allowances for blood transfusion staff.

Thirdly, the high cost of living in London is making the pay issue far more acute in the capital than elsewhere.

The final factor in Bridge's explanation is perhaps the least definable. It is what he calls "the degree of self fulfilment in press interest." He said: "I'm convinced that there is a bandwagon effect which the press can either help or destroy." At present, of course, the media is pushing the bandwagon, but when they get bored it will probably stop.

"Perhaps the hari-kari being committed by the National Union of Seamen might help us," said Bridge.

The health service itself, he felt, was otherwise OK.

We attempted to telephone other administrators but they were all in meetings and couldn't be interrupted. What were these meetings, we asked in one call. "Management meetings" was the reply.

Enrichment

■Christopher Harding, the man who is trying to give British Nuclear Fuels a new image, is toying with the idea of privatisation. It would not be immediate since the Department of Energy already has a lot on its plate with the privatisation of electricity and the expectation is that it would be more of an attraction to institutional investors than (say) Sid.

But it is not a bad idea. BNFL made a pre-tax profit last year of £89m on a turnover of £792m and had export sales – the key to the future – of £152m. There is no obvious reason why it should be state-owned.

Harding has the reputation of being a hard man, partly because he became BNFL chairman after a long spell at Hanson. In fact, he is both charming and thoughtful. He should talk to more people.

"What a week – now we're overrun with dozens of Comic Relief noses jammed solid".

Old French

■The death of Rene Massigli at the age of 99 is a reminder that the French used to send very good Ambassadors to London. Talleyrand was another example.

The trouble nowadays is that they cannot quite get the balance right between snobs and intellectuals. It is, of course, possible to be both, though it is perhaps desirable to be neither. This is very bad for France, which used to have one of the best Embassies in London and should still.

What I would suggest is that after the Presidential election in the spring they should send one of the honourably defeated or non-standing candidates such as Michel Rocard from the moderate left or Raymond Barre from the moderate centre. Either of them could combine the post with giving the odd lecture at the London School of Economics. Certainly people would then take notice.

Boro for the cup

■The argument that Middlesbrough should win the FA cup, outlined on Wednesday in this very space, is marginally less convincing now that they have lost home advantage by drawing 2-2 with Everton at Ayresome Park.

There comes a time, however, when the heart begins to rule the head and no-one who saw the match could deny that a repeat of their aggressive performance should carry them through in the second replay, and indeed in the next round against Liverpool.

Certainly Ladbroke has revised its opinions, lowering the 150-1 odds against 'Boro winning to 125-1. It is still an attractive bet.

French sex

■In the handbook of international cliches, the French are generally supposed to be the champions at "l'amour". Now there comes a public opinion poll which explodes this particular piece of received wisdom, and tells us that nearly one Frenchman in four finds sex boring, and not just boring in theory, but boring while it is happening.

The survey, by the respected polling organisation SOFRES, reveals that those with the most active sex lives find it less boring than those with the least active. Well, that is more or less what one would expect. And yet of those who make love every day, there are still 13 per cent who find it sometimes or often boring.

I was discussing the survey with a French doctor friend, and she immediately predicted that sex was likely to be most boring to the intellectual classes; and so it turns out. Over a third of those with an intellectual profession are sometimes subject to "l'ennui" during "l'amour", but only 15 per cent of farmers are so afflicted.

More surprising is the revelation that sex is apparently a much more rewarding activity to those on the right of the political spectrum than to those on the left. Among French Communists, 29 per cent find lovemaking boring; but among Gaullists the figure falls to 18 per cent.

Fire last time

■Back to hotel fire warnings. A City reader claims to have seen the following in a famous old hotel in Tokyo, now rebuilt: "To protect your life and property, you should be locked the door even if you are in the room or out of it, especially in bed. And for the other guest, special care will be required for a fire."

هكذا من الاصل

POLITICS TODAY

Whitehall pays – and Whitehall calls the tune

By Joe Rogaly

IF THE British Government really believes in the freedom of the individual and the beneficence of the market, it will withdraw Part II of the Great Education Reform Bill and think it through again. For the bill, now before Parliament, would nationalise the universities, which seems odd coming from a Cabinet that is preparing to privatise electricity.

It would be a pretty momentous bill even without the unnecessary part. After all, Part I, to which most parliamentary time has so far been given, establishes a national core curriculum for state schools, provides for the delegation of budgetary authority to individual schools and allows parents to vote to take schools out of local authority control. When all that is made into law the principal promises in the 1987 election manifesto, which were to raise standards and increase parental choice, will have been kept.

Part III is devoted to the Inner London Education Authority; in its original form it would merely have allowed entire boroughs to opt out, thus threatening Ilea with death by a thousand cuts. Now it is proposed to zap the authority away in more or less one blast; this was not in the manifesto. (Ilea should take extra parliamentary time, which would be released by withdrawing Part II.) For good measure, Part IV abolishes tenure for academic staff and throws in much that is dear to the bureaucratic heart, like a few dozen extra ministerial powers in case the first three parts do not provide enough.

With so much else to be done it can hardly be said that a strategic withdrawal of Part II would emasculate the bill. It is true that the manifesto foreshadowed the letter of the proposed new arrangement – that is, the replacement of the University Grants Committee with a new University Funding Council; but it failed to emphasise that the former, at least theoretically, represented university interests, while the latter may be used as a mechanism for imposing central government manpower planning on the universities.

Imposing *what*? What I said. The very phrase is there, in the small print of the free-market, Thatcherite, election manifesto: "We must meet the nation's demand for highly qualified manpower to compete in international markets." Who wrote that? The ghosts of Butskell? Harold Wilson? Edward Heath? Since the bill has been published, the awful realisation has slowly dawned. The Government has been caught napping by some pre-Thatcherite civil service minds. Could the chief villain be Lord Croham, upon whose report the draft legislation is based? Under the name of Douglas Allen, he served the masters of old-think from 1948, the year he joined the Treasury (over which he eventually presided as Permanent Secretary), until 1977, when he left for that same private sector that the Government usually tells us is far better at things like manpower planning than any official could ever be.

It would not be fair to blame Lord Croham for Part II. That is the responsibility of the Education Secretary, Mr Kenneth Baker. The universities will get their money from a Universities Funding Council, which may attach strings to every pound. The UFC is to be appointed by the minister and comes under clause 94, which begins: "The Secretary of State may by order confer or impose on either of the Funding Councils such additional functions as he thinks fit ..." It is as if all the long hard years of Britain's *perestroika* under the Prime Minister's leadership had never happened.

Incidentally, Mr Baker's bill also provides for the removal of most polytechnics from local authority control. They will become autonomous, self-governing corporations. This is described as setting them free. The little matter of their finances will be placed under a Polytechnics and Colleges Funding Council, which shall be appointed by the minister and be responsible to the minister and clause 94. In the English I understand, this can only be described as making it possible to remove with the left hand that freedom which was granted with the right.

Small wonder, therefore, that there are long faces on the right. Mrs Thatcher's family think-tank, the Centre for Policy Studies, has solicited and published a marvellously entertaining polemic against the proposals on universities. It is written by Mr Elie Kedourie, Professor of Politics at the University of London. The original market-oriented tank, the Institute for Economic Affairs, allowed Professor Kedourie the floor at one of its celebrated Hobart lunches a week ago today. Everyone seemed to agree that if the Government gives taxpayers' money to the universities, it should want to see how the cash is spent.

But that, he insists, is the whole point. If governments pay, governments will demand a say. In the Tory language used when the argument is about benefit payments to the poor, the professor notes that "there is nothing more corrosive and demoralising than the relation between a harassed, grudging benefactor and a helpless, perpetual supplicant." He traces the rot back to the expansion in the number and size of universities, and the government funding therof, in the quarter of a century since Lord Robbins's committee reported. You and I might think that we have witnessed the supposed turning of the ideological tide since then; surely everyone is still talking about the winning of the intellectual argument by the right? Yet, argues Professor Kedourie, "compared with the new *dirigisme*, the Robbins Report is a monument to *laissez-faire*."

The logical conclusion, much appreciated in temples such as the CPS and the IEA, is that the money should not go from the Government to the universities. If there must be subsidies, subsidise consumers, not producers. Pass the taxpayers' funds to the students, who will use their cheques to pay for their tuition, thus exercising choice. Better still, say the purists, legislate for student loans (there is a hint of this in the manifesto) and invent a method of helping those who cannot afford to help themselves.

Of course, the Government has no intention of withdrawing Part II. It rightly anticipates a great deal of opposition in the House of Lords, where the universities are well represented. This is one of the reasons why it brought in a guillotine on the whole debate on Monday. For the Commons has not so far shown much interest in this part of the bill; all the heat has been aroused by the opting out of schools and the proposed abolition of Ilea. If the Lords could say that the universities had not been properly debated in the lower house, they would have a good reason for interfering greatly with the relevant clauses. Monday's guillotine is designed to demonstrate both that there has been reasonable time for discussion in the lower house and that all sections, including Part II, are thoroughly discussed.

The committee of vice chancellors, which represents the universities as a producer interest, has a list of amendments, tabled by Labour, that would seek to "protect academic freedom" without destroying the essence of Part II. It should beware. The Government may give in. It will argue, with some reason, that Part II is really only technical and that the powers it gives to the Secretary of State are already available to him in other forms, should he be unscrupulous enough to dredge them up. But it will not be obdurate about amendments. The process might help this section of the bill through both houses.

At this point the vice chancellors would have snapped themselves shut in a trap of their own making. Their demand is simple: the money, please, and no questions asked. To the extent that this is met, they will be subject to a future of endless wrangles over funding. Their independence will inevitably be compromised – unless they learn the lesson the true believers in the Conservative Party want them to learn.

This is that they must look elsewhere for their funds. I do not believe that Mr Baker, or his higher education under-secretary, Mr Robert Jackson, really intend to diminish academic freedom or monitor the study of the liberal arts (although they may convince themselves that the number of engineers or teachers should be predicted and planned for). But the danger that they or their successors might do such terrible things increases with every extra pound that the universities solicit from government.

Some in the ranks behind the vice chancellors may be oblivious of this. The thinking ones among them will realise that the entire history I have just related will in the end serve merely to soften up the academic world for a future in which universities are obliged to do outside fund-raising deals. They will have to solicit greater numbers of ever more lucrative research contracts. They must appeal to private benefactors. The sales promotion of places to wealthy foreign students will have to be stepped up. Trips to Tokyo to extract yen from the ever-generous Japanese will become even more commonplace. And students, assisted by loans or direct subsidies, will themselves pay increasing proportions of their fees directly to the bursar. It makes you wonder whether the Government has planned it that way from the start.

Lombard

Tiptoeing over the crash

–By John Plender

THE TRANSATLANTIC difference in attitudes towards the financial markets has never been more striking than in the aftermath of the October crash. In the US a presidential task force has beavered away at a detailed post-mortem. The chief watchdog of the securities industry, the Securities and Exchange Commission, has applied additional forensic enthusiasm to the corpse. Competing market authorities are publicly arguing the case for reforms to each others' rule books. And on top of all that we have congressional hearings and a robust call from the chairman of the Senate Banking Committee for legislative proposals.

In Britain, by way of contrast, the International Stock Exchange will shortly pass its own verdict on its own performance. Any indication that the Department of Trade and Industry is interested in reforms to the market structure comes at one remove – from the British press corps in Tokyo, which claims to have spotted British officials on a mission to establish how the Japanese rig their market.

Parliamentary debate on the detailed workings of the market during the biggest plunge since 1929 has never been seriously suggested. No matter that London saw a far bigger slide than Wall Street: the thing is simply not a political issue.

And that, of course, is the way it has almost always been. In the past four and a half years the British have subjected their capital markets to the biggest upheaval since the Great Fire of 1666. Yet this monumental and highly controversial liberalising measure was never given more than cursory parliamentary debate.

While the old Stock Exchange's rule book was still under examination in the Restrictive Practices Court, open discussion was obviously hampered. When the then Trade Secretary, Mr Cecil Parkinson, struck his deal with the Stock Exchange after the 1983 election, the subsequent parliamentary row turned as much on the constitutional indelicacy of halting a court action brought under existing legislation as on any serious examination of the implications of abolishing fixed commissions.

The publicly announced details of the deal were sketchy – perhaps a matter of necessity, given that the stock exchange was a private club whose members had to be nursed carefully through detailed changes to the rule book. But it was also, perhaps, a reflection of the fact that there was no consensus at the time on what the abolition of minimum fixed commissions might mean for a dealing system that imposed a rigid distinction between jobber and broker.

Today there is general agreement that fixed commissions were indeed the cornerstone of the arch of the dealing system. Yet there has never been a genuinely public debate on how the interests of investors and companies would be affected by the change. Nor is there likely to be one on the crash.

The old school in the City of London would argue, no doubt, that US politicians and regulators have a talent for strangling their own financial practitioners. Why else did so much dollar-related business emigrate to London after such esoteric controls as the Glass-Steagall Act and interest withholding tax? And the one area of financial life that has been submitted to the British political process – investor protection – has scarcely been a resounding triumph for democracy. The 1986 Financial Services Act is late, complex and the unhappy progenitor of a quango, the Securities and Investments Board, whose boardroom is dominated by City worthies and whose regulatory outpourings none the less cause despair in City markets.

It may also be that the Americans are using the markets as a scapegoat for a broader failure of economic policy. But there remains a nagging doubt. Has anything in Britain changed to prevent a future crash? And – in the absence of wider debate – is anything likely to?

Letters to the Editor

The screw is tightening

From Mr Charles Young.

Sir, There may be a case for keeping the sterling exchange rate high at present, and there may be a case for managed exchange rates. But to leap from either of these to a specific argument for a sterling/Deutsche Mark link, as Samuel Brittan constantly does (for example, January 25) is a dangerous fallacy.

Nobody in his right mind would advocate at present a link between sterling and the dollar. The dollar exchange rate is clearly influenced by the US's chronic internal structural problems, which we do not share. Why do so many of us fail to notice that the same applies to the DM? The recent fiscal tightening in West Germany, partly in order to offset losses sustained by the Bundesbank in trying to keep the DM down, signals another turn of the screw tightening the vicious circle which has kept the German economy stagnant for most of the 1980s.

Already the diversion of Japanese exports to European markets is beginning to become apparent. Unless the yen is allowed to appreciate substantially against the currencies of those European countries with a broad current account balance, this tendency will accelerate rapidly, as the counterpart of a diminishing US trade deficit. Trying to link those currencies to that of a nation with a structural imbalance comparable to Japan's would lead either to protectionism or to recession.

Mr Brittan paints a picture of the Chancellor, a few years on, rueing the day he missed his chance to join the EMS. An alternative picture is that of Mr Lawson looking back on the advice proffered by Mr Brittan and saying: "A fine EMS you got us into."

Charles Young,
Landell Mills Commodities Studies
50/51 Wells Street, W1

Not as glum as it looked

From Mr Garry Mackenzie.

Sir, As part of my ceaseless campaign to set the world to rights may I take you to task on your assertion in "A glum 100 days" (January 27), that since October 19 there has been what you describe as a "sustained bear market" in equities?

In common with much post-crash press comment your article has given star billing to October 19. But in the UK, for example, your own FT-SE 100 index fell further on Tuesday October 20 than on Monday October 19, and fell sharply again on Thursday October 22.

If your article had described the five days beginning Monday October 20 as "Black Week," and then focused on the performance of markets since October 26, then the conclusions arrived at may well have been quite different and somewhat less alarmist.

Between October 26 1987 and January 26 1988 major world markets moved as follows:

	%
UK	+ 5.7
US	+ 4.5
Japan	+11.2
Europe (ex UK)	-13.6
The World	+ 4.1

Source: FT-A World Indices £ adjusted.

Your article's opening statement, "In the 100 days after Black Monday, October 19, world share prices have dropped by almost as much as they did on the day of the crash itself," is statistically correct but – I would argue – a somewhat selective use of statistics, and consequently rather misleading. The actual pattern was of a glum October, a glum November, but a rather more cheerful December and January.

Garry Mackenzie,
41 Henderson Road, N9

From Miss Diane Coyle.

Sir, Barry Riley (January 23) asserts that the size of the fall in share prices since early October justifies abandoning the conventional theory of stock market valuation. To attribute the crash to a "sudden sharp rise in the implied rate of discount applying to future dividends" would, he says, "be stretching credibility beyond reasonable limits".

In fact, simple calculations show that it is possible for quite moderate changes in expected profits and growth or the assessment of risk to lead to a sharp change, in real terms, in the valuation of shares.

Market assessments clearly did change in October – in the US because of the realisation that the trade gap and the need for a fiscal policy correction implied some years of lower growth and profits.

It is too easy, however, to exaggerate the size of the crash. The Dow Jones index is 6 per cent down on a year ago, the FT index about the same as a year ago, while the prior increase dwarfs these falls. The crash of 1987 simply marks the entry of a mite more realism into the world's stock markets.

Diane Coyle,
DRI Europe,
30 Old Queen Street,
St James's Park, SW1

The OTCM will be missed

From Mr T.G. Wilmot.

Sir, I was disappointed that Heather Farmborough (January 23) did not highlight the positive side of the Over-The-Counter Market.

It is generally acknowledged that the success of the OTCM led to the establishment of the Third Market by the London stock exchange. Young companies represent a more risky investment than companies which have been up and running for a number of years, and certainly the failure rate is higher than companies whose shares are dealt on the Unlisted Securities Market, or are fully listed. But a large number of companies would not be in business today if they had not been financed on the OTCM.

It will be a pity if the Financial Services Act results in a diminution of this sort of venture capital financing.

Tom Wilmot,
Harvard Securities Group
95 Southwark Street, SE1

'I will bet a dollar to a wet doughnut...'

From Mr Roland Shaw.

Sir, It is a curious suggestion – made in a number of papers, including yours ("Lex," February 4) – that Arco, "flush with £134m profit from its brush with Britoil," paid less than £50m for Tricentrol. The idea that a company abandons commercial judgment because it just made a profit elsewhere is, if not absurd, far from flattering to the Arco management.

We made a few millions out of our Tricentrol shares which, I can assure you, will be spent prudently. I will bet a dollar to a wet doughnut that £2 a share for Tricentrol will look a very reasonable price in twelve months.

Roland C. Shaw,
Premier Consolidated Oilfields
23 Lower Belgrave Street, SW1

Japanese and UK standards of living are not easily compared

From Mr Greg Bamber.

Sir, In the continuing debate about Japan's industrial prowess, many generalisations have been based on erroneous assumptions. For example, it might be assumed that Japan's economic "success" has led to a relatively high standard of living for its population.

Gross domestic product *per capita* and nominal wages paid (in manufacturing) are both much higher in Japan than in the UK. But comparisons using these two indicators are distorted by the high yen/pound exchange rate; so the purchasing power of working time is also a useful indicator.

Such indicators are analysed, for instance, by the International Metalworker's Federation. (The comparative data is based on average hourly earnings for 1986, after deduction of social security contributions.) If we compare metal workers in car manufacturing firms in the UK and Japan, to buy a comparable family car the metal worker had to work 1318 hours in Britain, but only 541 in Japan.

On the other hand, other consumer durables, clothing, food and rent, tend to cost much less working time for the UK metal worker than the Japanese one.

However, standards of living are notoriously difficult to compare. Unemployment is much lower in Japan than in the UK, while Japanese workers are educated and trained to a much greater extent – and they live longer.

Thus the purchasing power of working time is only one facet of relative living standards, and it may not be the most significant; but it can provide the basis for interesting comparisons with other countries.

Philip Bassett's article (January 2), "Japanese 'work longer' to buy consumer goods," which drew on R. Lansbury's and my recent book, unfortunately lost the crucial word "again" from its first sentence. This should have read: "Workers in Japan need to work almost half as long *again* as British workers to buy such items as a small television set..."

The average number of working hours per week (and per year) in manufacturing is higher in Japan than in any of the other eight countries discussed in the book (Australia, Canada, the UK, the US, Italy, France, West Germany and Sweden). But, currently, there are moves towards reducing the number of working hours in Japan, especially in its large-firm sector.

Greg Bamber,
Durham University Business School,
Durham

FINANCIAL TIMES

Friday February 5 1988

London schools body abolished

BY FINANCIAL TIMES REPORTERS IN LONDON

THE BRITISH Government is to abolish the Inner London Education Authority - one of the last vestiges of metropolitan local government once dominated by the opposition Labour Party.

The move follows the dismantling in 1986 of the Greater London Council and six other city-wide councils and the distribution of their powers to local boroughs.

Mr Kenneth Baker, the UK Education Secretary, yesterday criticised the Ilea, which is responsible for the schooling of nearly 300,000 children in the capital. "Its spending is profligate, its service is poor," he said. Between 1981 and 1988 its spending had increased from £700m to over £1bn while pupil numbers had fallen by 15 per cent.

The powers and responsibilities of the Ilea will be transferred to the 13 London local authorities in April 1990.

The widely expected decision was strongly attacked by Labour for being disruptive and domgatic. Mr Neil Fletcher, Ilea leader, said the Government would have a fight on its hands to carry through the proposal. The move was also criticised by leaders of most of the teachers' unions. They said left-wing influence in schools would be increased by the abolition.

Mr Baker's announcement left open several questions about the future of education in London since he recognised that some co-operation might be needed between inner London councils.

Mr Baker envisages such cooperation applying mainly to adult and further education, and special schools. Since such moves will need his approval it will not be possible for the mainly Labour-controlled inner London boroughs to recreate a form of Ilea by the back-door.

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Strikers in Britain defy unions

Ford UK's 32,500 manual workers rejected the recommendation of union negotiators to accept a pay deal, raising the spectre of a national strike from Monday. More than 3,000 workers at a plant near London were expected to strike from this morning. Meanwhile, thousands of British seamen last night were disrupting ferry and freight traffic in spite of an official instruction from union leaders to comply with a court order to return to work. Page 8

Chicago exchange opposes legislation

By Richard Lambert in Washington

NO major legislation was needed to co-ordinate the supervision of the futures and securities markets, senior representatives of the Chicago futures markets said in Washington yesterday.

Mr Leo Melamed, largely responsible for the development of financial futures on the Chicago Mercantile Exchange, told the third day of Senate hearings into last October's stock market crash that the different exchanges could correct flaws in the system by co-operation.

"The expertise necessary to achieve the co-operation exists within the exchanges themselves. Our suggested approach is through the private sector," he said.

In earlier testimony, the Securities and Exchange Commission had urged that it should be given overall authority for the regulation of equity-related products, whether in the futures or cash markets.

Other suggestions have included the creation of a new "super agency" to oversee all such markets.

These views were echoed yesterday by Mr Kenneth Leibler, president of the American Stock Exchange, who said it was clear that there must be consistent, co-ordinated regulation of the securites and futures markets.

New legislation for the regulation of financial products was a minimum requirement.

Mr Leibler said that a clear lesson from the stock market crash was that separate margin requirements in the different markets strained the liquidity of traders and made it difficult for clearing corporations and the exchanges to make accurate assessments of risks.

Earlier, Senator Wiliam Proxmire, chairman of the Senate Banking Committee, opened the hearings, saying it was "increasingly clear that market mechanisms demand repair."

But the Chicago traders are strongly resisting any further outside regulation of their activities.

Chirac: still trailing against Mitterrand

Chirac in fast lane for French elections

BY IAN DAVIDSON IN PARIS

AS THE French presidential election campaign gains momentum, Prime Minister Jacques Chirac has started to move ahead in the opinion polls, overtaking Mr Raymond Barre, his rival on the right wing.

Mr Barre has previously seemed consistently the stronger of the two main right-wing candidates. If Mr Chirac is now putting in a stronger performance in the opinion polls, it may be because he has already publicly "declared" his candidacy in the presidential race, whereas Mr Barre is only planning to do so next Monday.

Nevertheless, Mr Chirac and Mr Barre are both still trailing well behind President François Mitterrand.

Mr Mitterrand has not yet revealed whether he proposes to stand again, and he is not expected to announce his decision until the beginning of next month. But, on the common assumption that he will, he still has a large lead over the other candidates.

The latest opinion poll in the magazine Paris-Match gives him 38 per cent; compared with 22 per cent for Mr Chirac; and 19.5 per cent for Mr Barre. Another poll (Louis Harris) gives Mitterrand 41.5 per cent; against 21.5 per cent for Chirac and 19 per cent for Barre.

For Mr Chirac, it is essential to stay ahead of Mr Barre in the first round of voting, since only the two leading candidates remain in the lists for the second and decisive round. Yet Mr Chirac's latest success is still not enough to put him in sight of a second-round victory against Mr Mitterrand.

If the run-off is between Mr Mitterrand and Mr Barre, the latest polls suggest that Mr Mitterrand would win by 53 per cent to 47 per cent (Paris-Match) or 54.5 per cent to 45.5 per cent (Louis Harris); whereas, if it is between Mr Mitterrand and Mr Chirac, Mr Mitterrand would win by 55 to 45 (Paris-Match) or 58 to 42 (Louis Harris).

The paradox is that, in the starting gate before the first round, the ordinary arithmetic suggests that right-wing voters outnumber left-wing voters by a significant margin – perhaps 55 per cent to 45 per cent.

The implication of the opinion polls is that the rivalry between Mr Chirac, Mr Barre and, on the extreme right, Mr Jean-Marie Le Pen of the National Front, is a direct reflection of divisions among right-wing voters; and that, in a second round of voting, some of the right-wing electors will either abstain or vote for Mr Mitterrand rather than vote for the remaining right-wing candidate.

New twist in battle for Société Générale

By Tim Dickson in Brussels and Paul Betts in Paris

A MAJOR new combatant entered the battle for Société Générale de Belgique last night when Compagnie Financière de Suez, the recently privatised French financial group, announed that it holds a 10 per cent stake in Belgium's most powerful business concern.

The dramatic development means the outcome of the struggle for La Générale looks even.

Both Mr Carlo De Benedetti, the Italian entrepreneur who aims to take control of La Générale and who controls an 18.6 per cent stake, and Mr René Lamy, governor of the beleaguered company's board, are directors of the Suez group and were at an emergeny board meeting of the French company in Paris last night.

A statement issued after the meeting explained that the move had been part of the "international development strategy of the Suez group" and added that "the presence of Compagnie Financière de Suez, as a shareholder, ought to contribute to a positive solution to the present conflict and help establish a restructuring and development project for Société Générale de Belgique, with new ambitions."

Market rumours in Brussels on Wednesday had suggested that Suez had purchased its shares in defence of L Générale's board, but last night the motives of the French group were unclear. Mr De Benedetti, whose French holding company Cerus holds a 1.5 per cent stake in Suez, is unlikely to consider resigning from the Suez board as well as a seat on the board, but it is understood he held talks yesterday with Paribas, the French investment bank, and a traditional rival of Suez.

Paribas' Belgian arm, Cobepa, has a major interest in another Belgian holding company, Gevaert, whose president Mr Andre Leysen claims to speak for a group of Belgian and European institutions prepared to subscribe for 10m new shares issued by La Générale's board as a means of fending off Mr De Benedetti.

President Suharto

Indonesia tackles cost of corruption

By John Murray Brown in Jakarta

EFFORTS BY the Indonesian Government to cut red tape and excess bureaucracy are being seen here as a challenge to widespread corruption in the country's public and private sectors.

The Government Audit Board has recently published startling figures on the embezzlement of public funds which, in any one year, account for 10 per cent of the state budget.

The Tax Directorate has sacked more than 200 officials as it attempts to double domestic tax receipts within five years.

"Improving the integrity of tax officials, though, is far more difficult than improving the awareness of the business sector to pay taxes," said Mr Salamun, the senior tax officer.

President Suharto is giving the campaign his full backing. Addressing Indonesia's youth leaders last month he urged them "to be the eyes and ears of the authorities" in what he called this "age of madness."

Even the army says it is taking action, though its dirty linen is unlikely to be on public display.

Corruption is widely acknowledged as a major cause of the country's high cost economy. The small Indonesian Democratic Party has urged the Government to write anti-corruption measures into the new five-year state guidelines now being prepared by the Consultative Assembly.

The party spokesman claimed in Parliament last year that court cases were settled with payments and that licences and other documents were bought with bribes.

Foreign businessmen say such unofficial levies are commonplace, whether in trying to have a telephone installed or winning a multi-million dollar contract. Indonesian school leavers say they face the same problem when applying for jobs in the civil service.

The current anti-corruption drive is part of a broad reform of the economy as the country reduces its dependence on oil, formerly the main source of foreign exchange and state budget receipts.

A shake-out of the notoriously corrupt Indonesian Customs service in 1985 was perhaps the best example of its progress. Operations have since been handed over to Société Générale de Surveillance, a private Geneva-based company.

Despite griping from some quarters, most notably the Indonesian Importers' Association, SGS has had a dramatic impact on excise collection and port handling.

Efforts are now being made to raise the general tax base, still one of the lowest in Asia. According to official figures, less than 1 per cent of the population of 170m pay income tax, while value added tax, introduced in 1984, is still avoided by many retailers. However, as the new tax regime takes effect, the Government said receipts were targeted to increase 20 per cent in each of the next five years.

Mr Soepardjo Rustam, the Home Affairs Minister, said the reforms marked a significant change in the role of Government from "one of control to one of guidance."

But he is quick to rebut suggestions that this signals a shift towards liberalism, a term officially grouped with communism and Islamic extremism as the main threats to the state.

Nevertheless, many Indonesians believe the reforms will have a far-reaching impact.

A businessman said: "Once you get people used to the idea of being taxpayers they will want more accountability from the Government."

Mr Suharto has already taken the unusual step of publicly denying charges of embezzlement in a charity fund run by his wife. He ordered a full inquiry to dispel "the suspicion whether the funds raised have been disbursed to aid disaster victims or spent on personal and family interests."

Allegations about the President's business interests in the Australian newspaper, the Sydney Morning Herald, in 1986 prompted a major diplomatic row between Jakarta and Canberra and resulted in a ban on Australian journalists. It is a ban which officially still stands.

THE LEX COLUMN

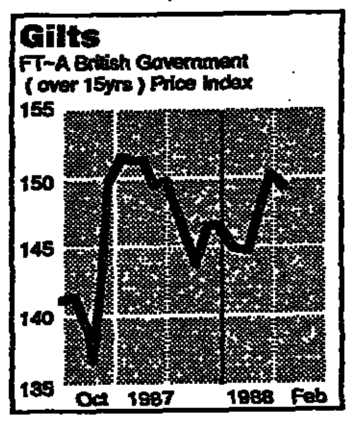
BP keeps its foot on the gas

BP might have thought its acquisition of Britoil was enough of a sure thing to allow it to proceed regardless with a $250m offer for Lear Petroleum, but Britoil's shareholders evidently were not convinced. It took yesterday's news that there will be no monopolies reference for the market to drop its residual doubts and judge it to be a done deal at last.

Meanwhile, the Lear deal puts a new slant on what BP terms a period of consolidation. With two of the largest acquisitions ever made by a UK company all but complete, BP is now limiting itself to a programme of "small" deals for the next year or two. While a $250m purchase may put negligible strain on BP's corporate purse, it marks an important strategic step into gas transmission in the US.

For some time BP has been keen to establish itself alongside its rivals in the US gas market, on the view that the gas bubble, which has been generally expected to burst for a frustratingly long time, will one day do so. However, with most of the best gas transmission companies already answered for, BP has done well to find Lear, which not only has a well placed gas transmission network but is also in trouble after over ambitious expansion at the top of the market. Lear's shareholders are likely to take kindly to BP's offer as a surer way to recover their investment than a rival restructuring plan proposed by one of the company's managers.

Assuming its bid for Lear suceeds, BP will gain first hand exposure to the complex and highly regulated industry. If it likes what it finds, it will probably be in the market for another larger company as soon as its gearing permits – say, in the next year or two.



Dee Corp

Barker & Dobson's decision not to increase its offer for Dee looks eminently sensible in commercial terms, but by the narrower conventions of the takeover game it smacks of defeat. The reason given – Dee's depressingly poor profits forecast – might give any purchaser pause for thought; but the unique structure of the deal leaves room for suspicion that B & D's bankers have reneged on upping the cash offer, settling instead for a South American-style renegotiation of the terms of the loan.

The concession on loan terms also gives the impression that incessant needling by Dee has drawn blood. The banks have agreed to a six month postponement of the one covenant –on the ratio of gross borrowings to net worth – which Dee's advisers had pointed to as likely to be breached. The other covenants remain in place, leaving B & D correspondingly little room for manoeuvre.

The market's initial reaction yesterday was to slam Dee's shares down to 177p. On the company's own forecast of 15p earnings this is a multiple of under 12, which for a company wallowing in an earnings trough may not allow for any bid premium at all. Yesterday's later recovery to 185p still left Dee 15 per cent below the offer price, compared with 9 per cent at yesterday's opening.

B & D cannot yet be wholly written off; the bid has a fortnight to run, and Dee still has a case to answer on the retailing front. But if B & D is eventually rebuffed, two wider lessons suggest themselves. First, minnow-and-whale bids are a relic of the bull market. Second, cash is still vastly more powerful than paper, but for institutions with no idea at present of where their cash should be put, it is not the force that it was.

Mexican bonds

The Bank of England's guidance on bad debt provisions by UK banks participating in Mexico's proposed debt exchange offer is a sensible compromise, even though it may be regarded by the more conservative bankers as a further sign that the Bank is softening its approach to the Third World debt problem. The Bank could have killed any hope of British bank involvement by insisting that if banks did participate in the Mexican offer, they should revalue the rest of their Mexican portfolio to reflect the discount of say 50 per cent on the assets swapped for the new bonds. The Bank has taken a softer line than the US authorities in this respect, but it has refused to accept that the bonds, which have an effective US Treasury guarantee, should be considered as a US risk. This is likely to limit their attractiveness to UK banks, but the Bank insists that since the bonds are expected to trade at a discount and the interest is not collateralised, they are for all intents and purposes a Mexican risk.

While the Bank's guidance will have cleared the air, it is unlikely on balance to have encouraged major UK banks to take part in the Mexican offer. Nevertheless, it is important that UK banks support the waiver of the existing loan clauses – due today – which will allow the Mexicans to proceed with their bond auction, even if they do not like the conditions on offer. The initiative provides a useful exit vehicle for the smaller banks, and this should help the bigger banks deal more speedily with Mexico's financial problems.

Accounting standards

Accountants Arthur Young are to be applauded for admitting publicly what the cynical have long suspected. As its response to the Dearing Committee on accounting standards concedes, it is easy to drive a coach and horses through accounting rules. The present method of setting and enforcing standards simply cannot cope with the ranks of devious directors, creative financiers and sharp lawyers who between them have made fiction of some companies' published financial information.

This carries with it some uncomfortable messages for the City, and the Stock Exchange in particular. If accounting standards are too important to be left to the accountants, then it is up to the Exchange to throw its hat into the ring: after all, its main job is to run an orderly market, which can hardly be said to exist if the punters do not know what they are buying. The Exchange's chief executive Mr Jeffrey Knight – himself a member of the Accounting Standards Committee – should state publicly what the Exchange intends to do to ensure a better standard of information for investors. If self-regulatory systems are to survive, they need all the friends they can get.

Democrats' vote breaks the Contra spell

Continued from Page 1

Sandinista Government's good faith, on its promise to negotiate a cease-fire with the Contras and to continue democratic reform in Nicaragua.

If the Sandinistas renege, the Democrats are dangerously exposed to criticism (which will not be banished by their pledge to draw up a purely humanitarian aid package for the Contras).

For the Contras, the House vote opens up a period of uncertainty just as they have begun first-ever direct talks with the Sandinistas in Costa Rica on a cease-fire.

Defeat of the package, which included a token $3.6m in military aid, means that they cannot rely on another Congressional bail-out.

That does not mean they will run out of ammunition soon as they have plenty stockpiled; but it must weaken their bargaining hand with the Sandinistas.

It was the House Speaker (chairman), Mr Wright, who, more than anyone else, bears the responsibility for the sinking of Mr Reagan and the reshaping of US policy towards Central American policy now underway.

Last August, Mr Wright was approached by Mr Tom Loeffler, a fellow Texan Congressman, who had just been recruited as a White House lobbyist for Contra aid, replacing Mr Elliott Abrams, the abrasive Assistant Secretary of State who had been mangled by the Iran-Contra fiasco.

The White House had counted votes in the House and realised there was little chance of securing a fresh batch of military and humanitarian aid.

Mr Loeffler raised the idea of a new peace initiative.

Thus was born the Wright-Reagan plan, a bipartisan approach aimed at pressuring the Sandinista Government to reform.

What the White House did not realise was this joint effort - however tentative - would be enough to give vital impetus to two days of talks between Central American leaders in Guatamala City called to discuss a separate peace plan put forward by President Oscar Arias of Costa Rica.

What Mr Wright realised was that the Sandinistas would have difficulty in rejecting a US plan and the Arias peace plan.

Indeed, he specifically inserted himself in the pre-Guatamala City discussions to ensure the Sandinistas came aboard.

From that moment on, Mr Wright, helped by Senator Christopher Dodd of Connecticut, a key member of the Senate Foreign Relations Committee, have conducted an alternative US foreign policy.

They - or more recently their aides - have advised the Sandinistas on negotiating tactics, on the political landscape in Washington and, to some extent, on what domestic political concessions to make.

At the weekend, Mr George Shultz, US Secretary of State, described such activity as "extraordinary" and condemned it outright.

But supporters of Mr Wright and Senator Dodd argue that their efforts were vital to keep the peace process in Central America moving - particularly given the reluctance of the Administration to play a diplomatic (rather than a military) role.

After the vote on Wednesday night, the Administration may now have to engage. The question of security arrangements, Soviet aid, and how to enforce compliance with the Arias plan beg to be answered.

Mr Reagan and Mr Shultz have both vowed to fight for the Contra cause until their last breath, but they must now realise that for the moment Congress is pulling the strings.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	11	52	Dubrovnik	F	13	55	Malta	F	18	64	Rhodes	S	16	61
Algiers	F	16	61	Edinburgh	C	2	36	Manchester	C	3	37	Rio de Jo	C	30	86
Amsterdam	F	8	46	Faro	S	15	59	Manila	S	29	84	Rome	F	16	61
Athens	C	15	59	Florence	C	9	48	Melbourne	S	22	72	Salzburg	F	11	52
Bahrain	S	19	66	Frankfurt	R	7	45	Mexico City	F	26	79	San Francisco	F	17	62
Bangkok	S	32	90	Funchal	S	18	64	Miami	C	24	75	Seoul	H	-3	27
Barcelona	S	14	57	Geneva	S	7	45	Milan	D	5	41	Singapore	R	28	82
Beirut	S	18	64	Gibraltar	F	15	59	Montreal	C	-14	7	Stockholm	C	3	37
Belfast	C	2	36	Glasgow	F	2	36	Moscow	C	-6	12	Strasbourg	F	9	48
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Malaysian ruling

Continued from Page 1

more than the plaintiffs had sought.

Justice Harun has been a central figure in the controversy between the Malaysian Government and the country's fiercely independent judiciary over the separation of powers. Late last year, Dr Mahathir launched a strong attack on the judge, saying he had exceeded his judicial powers and that his public statements gave the impression he was pro-opposition.

The Prime Minister recently warned that the Government was contemplating legislation to define more clearly the separation of powers between the executive and judiciary.

The head of the judiciary, Lord President Tan Salleh Bin Abas, has reaffirmed the independence of the judiciary, but said it was not seeking a confrontation with the Government.

The Supreme Court last month handed down two landmark decisions favouring the Government. It upheld the powers to detain people without trial under the internal security act.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday February 5 1988

Chrysler advances 8% despite surge in sales

BY ANATOLE KALETSKY IN NEW YORK

CHRYSLER, the third largest US motor manufacturer, increased profits by only 8 per cent in the fourth quarter, despite a 29 per cent advance in sales.

Investors were somewhat disappointed by the results and Chrysler's share price fell by $1¼, or 5 per cent, to $25¾ shortly after the company's announcement.

Net earnings were $350m or $1.57 a share, compared with $324m or $1.48 in the fourth quarter of 1986. Sales surged to $7.67bn from $5.94bn, partly as a result of Chrysler's acquisition of American Motors from Renault of France last summer.

The sales rise also reflected substantial price increases which US car makers have managed to achieve in the past year, as foreign competition has subsided somewhat in response to the falling dollar.

Chrysler's factory unit sales volumes in the fourth quarter totaled 637,768 vehicles, up 14 per cent on the previous year's level. This compared with the 29 per cent increase in revenues.

Chrysler's annual income in 1987 was $1.29bn or $5.90 a share. While this was lower than the $1.39bn or $6.25 the company earned the year before, the 1986 profits included a capital gain of $132m from the sale of Chrysler's interest in Peugeot of France.

Excluding this gain, 1986 earnings would have been $1.26bn or $5.66 a share. After this adjustment the 1987 annual earnings would represent a gain of 2 per cent.

Sales in 1987 increased 16 per cent to $26.28bn, while its annual factory unit sales rose only 2 per cent to 2.26m vehicles. Chrsyler's share of the US car and light truck market increased in 1987 to 12.3 from 11.7 per cent in 1986. All of this gain was due to the acquisition of American Motors.

The company's financing arm, Chrysler Financial Corporation, contributed a net $226m to 1987 profits, up sharply on the $186m Chrysler Financial earned in 1986.

Allied-Signal ends year with earnings increase to $77m

BY OUR FINANCIAL STAFF

ALLIED-SIGNAL, the diversified US aerospace, automotive and synthetic fibres group, has reported a strong end to the year's trading with fourth-quarter net profits from continuing operations rising to $77m or 50 cents a share from $47m or 25 cents.

In the latest quarter, a credit of $59m from tax-loss carry-forwards lifted final net earnings to $136m or 88 cents. In the year-ago quarter, operating income from discontinued operations of $22m made a final net $69m or 38 cents.

For the year, however, net from continuing operations was $515m or $3.07 a share against $539m or $2.89. In 1987, after net from discontinued operations of $3m, a gain of $79m on disposal of discontinued operations and the $59m tax credit, final net was $655m or $3.90 a share, compared with $605m in 1986.

Sales in the fourth quarter rose from $2.52bn to $2.95bn, taking the full-year total to $11.1bn from $9.89bn.

In the aerospace sector, higher fourth-quarter sales of aircraft equipment and after-market sales were partially offset by continued development costs, lower margins and operating problems at Garrett AiResearch.

Automotive sales were at record levels in both the quarter and year and profits would have reached new highs were it not for development costs of high potential advanced braking and electronics systems.

Earnings from the the engineered materials business rose 12 per cent in the quarter because of increased sales and improved margins for plastics and performance materials.

Campeau offers merger talks

BY DAVID OWEN IN TORONTO

CAMPEAU, the Canadian property and retailing group controlled by Mr Robert Campeau, the mercurial Francophone, has followed up its initial US$47-a-share tender offer for Federated Department Stores by proposing a merger agreement with the big US department store chain.

The new proposal, outlined by Campeau in a letter to the Cincinnati-based company's board, would provide for existing Federated shareholders to receive $61 a share, valueing the company at close to $5.5 bn. However, it imposes an exceptionally tight time-frame, being conditional on obtaining the merger agreement by 5pm Eastern Standard Time tomorrow.

In the letter, Toronto-based Campeau expressed disappointment that the Federated board had been unwilling to meet its representatives and concern that the company might take "extraordinary actions such as agreeing to substantial commitment and other fees and agreeing to sell blocks of stock or significant assets."

The company also indicated its preparedness to demonstrate to the Federated board its ability to finance the transaction – "including our ability to commit in excess of $1 bn of equity."

BZW in pay-off deal with executives

By David Lascelles, Banking Editor, in London

BARCLAYS de Zoete Wedd, investment banking arm of Barclays Bank of the UK, has offered early leaving terms to 16 former partners of De Zoete & Bevan and Wedd Durlacher, the London stock market firms it bought to create BZW.

The pay-off will make several of them millionaires.

The 16 are being released from the "golden handcuffs" put on them at the time of the acquisition in 1985 to ensure their continuing services during the early phase of the merger of the three companies. These handcuffs consisted of founder shares in BZW which could only be sold after a certain number of years.

BZW is now saying that the former partners, who are mostly in their 40s and 50s, can sell their shares early because their services are no longer needed.

Included are Mr John Robertson, the former senior partner of Wedd Durlacher, one of the City of London's largest jobbing firms, who is expected to receive several million pounds. Two or three others are also expected to receive seven-figure sums.

"Golden handcuffs" were common during the wave of acquisition of stockbroking and jobbing firms in 1984 and 1985 in the run-up to deregulation in 1986. Most of them were fastened on for four or five years, meaning that they would not normally come off until next year at the earliest. But the more stringent climate in the City has prompted some firms to bring the date forward.

Barclays spent a total of £125m ($211m) buying Wedd and de Zoete. Although BZW has since emerged as one of the City's leading conglomerates, it is expected to report a loss of about £60m for 1987 because of the collapse in the stock market.

Ferruzzi details regrouping

By John Wyles in Rome

THE FERRUZZI-Montedison group yesterday sought to respond to complaints about the lack of clarity in its reorganisation plans by issuing information for the third consecutive day.

In the background, share prices of the group's associated companies stabilised and in some cases they increased. Italian banks were prominent buyers.

Montedison slipped further to L1,010, but its insurance and financial services subsidiary, Iniziativa Meta, which is to be absorbed into the Ferruzzi family holding, Ferruzzi Finanziaria, rose by 1.2 per cent.

Mr Raul Gardini asked Consob, the stock exchange regulatory agency, for an inquiry into Monday and Tuesday's trading – when his group's companies first suffered huge losses and were then suspended.

His request brought an assurance yesterday that a special committee of inquiry would meet within 10 days.

Parliamentary interest in the affair has also been ignited and Mr Franco Piga, the chairman of the Consob, was called yesterday into a closed session of the Senate's Treasury committee.

Mr Piga and others are to appear before a committee of the lower house in Italy's Parliament, the Camera, next week.

Ferruzzi yesterday released financial details of Ferruzzi Finanziaria's position as of last October 31.

These put the company's assets at L1,217.64bn ($984.6m) against net liabilities of L317bn.

USA TODAY NEWSPAPER MOVES INTO BLACK FOR FIRST TIME

Gannett profits up 20% to $106m

BY OUR NEW YORK STAFF

GANNETT, the big US news media group, reported a 20 per cent advance in net earnings to $106.6m or 66 cents a share in the fourth quarter, as USA Today, its ambitious and costly nationwide daily newspaper project, moved into profit for the first time.

In the fourth quarter of 1986, Gannett made $88.8m or 55 cents. For the year as a whole, Gannett's net income increased by 16 per cent, to $319.4m or $1.98 a share, against $276.1m or $1.71 in 1986.

Gannett said its large collection of local newspapers continued to experience gains in classified advertising throughout 1987, although broadcasting and revenues declined in the fourth quarter.

Mr John Curley, president, noted that the advance in earnings had been achieved "despite a lacklustre economic environment" and pointed to the exceptional geographical diversity of Gannett's newspaper operations as its major source of strength.

Capital Cities/ABC, another leading broadcasting and newspaper company, made $117m or $6.91 a share in the fourth quarter, 46 per cent up on the $80m or $4.90 it earned the year before.

Full year net income was $279m or $16.46, 54 per cent higher than the $182m the company earned before extraordinary items in 1986.

The company said television network revenues, which had been weak for most of the year, rebounded in the fourth quarter, reflecting strong advertising demand. However, publishing revenues showed only modest gains.

Warner Communications, the large film and entertainment group, also reported strong results. Warner's net income increased to $92m or 59 cents a share in the fourth quarter, compared with $62m or 38 cents the year before.

The year earlier figure included a gain from discontinued operations of $22m or 16 cents. Warner's annual profits advanced to $328m or $2.09 a share, compared with $185.8m or $1.26.

Warner said its filmed entertainment division had had the best year in its history, although operating income was up only 2 per cent at $176m.

B&D offer for Dee 'now final'

BY NIKKI TAIT IN LONDON

BARKER & DOBSON, the Budgen supermarkets and sweets group which is waging a £2bn ($3.6bn) bid battle for Britain's third largest grocery group, Dee Corporation, yesterday said it would not increase or revise its offer terms.

The company said it had reviewed Dee's profits forecast and made the decision "in view of the disappointing figures". Dee has predicted profits before tax "of the order of £185m" in the year to end-April, a 4 per cent fall on the previous year.

However, the immediate market reaction was to mark Dee shares down sharply, on growing scepticism that the bid will now succeed. Dee's price fell from 194p to 180p initially, although they recovered to 185p by the close with some 25m shares traded. With B&D's shares 6p higher at 139p, the cash and shares offer is worth 217p

B&D also said the controversial "gearing covenant" within its key £1.6bn loan agreement would be suspended until six months after the offer became unconditional.

In order to finance the cash element of its bid, B&D has lined up £1.24bn of loan finance with a seven-strong banking syndicate, and arranged a further working capital facility of up to £350m. However, the loan agreement stipluates that B&D must meet certain financial ratios throughout the three-year term – one of which specifies the relationship between borrowings and consolidated net worth.

Dee has consistently argued that this covenant will be breached after draw-down.

B&D rejects Dee's charge but said yesterday, "To ensure this matter is dealt with once and for all, the banks have agreed to suspend the borrowings to net worth covenant until the date six months after the offer becomes unconditional."

Privatbanken plans capital increase

BY HILARY BARNES IN COPENHAGEN

PRIVATBANKEN, the third largest Danish commerial bank, plans an increase in share capital of up to DKr500m at a date yet to be fixed, the bank announced yesterday.

The bank reported an increase in group net profits to DKr226m ($35.2m) from DKr61m in 1986, but profits before provisions declined from DKr947m to DKr926m after a 14.5 per cent rise in costs.

Provisions were increased to DKr455m from DKr328m, with earnings after provisions declining from DKr619m to DKr471m, which was described as below expectations.

There were extraordinary costs of DKr36m compared with an income of DKr247m, while the adjustment of the value of the securities portfolio showed a loss of DKr140m compared with a 1986 loss of DKr778m. Pre-tax profits increased from DKr88m to DKr295m.

Total assets increased from DKr95.5bn to DKr103.6bn and equity capital from DKr4.6bn to DKr5.2bn. Group advances increased by 16 per cent to DKr47.7bn and deposits by 12 per cent to DKr41.5bn.

The bank noted that it has increased provisions against loans to countries with payments problems to one third of the outstanding loans. Total group provisions against bad debts now stand at DKr1.2bn.

Swedish group in Litton deal

By Sara Webb in Stockholm

SKANE-GRIPEN, a Swedish conglomerate based in Malmö, has decided to strengthen its bar-code equipment operations by acquiring part of Kimball Systems, the bar-code distributor owned by Litton Industries of the US.

Skane-Gripen's TI subsidiary makes food-processing equipment as well as marking and bar-code printers for the food industry.

It has annual sales of SKr450m ($74.5m) and profits of about SKr30m, and it will acquire Kimball Systems' European operations, which have a turnover of about SKr200m.

The most important part of the deal is the acquisition of Kimball Systems' distribution companies in France, Italy, Switzerland, West Germany, Finland and Sweden, which should help to increase market share in Europe, the group said.

Skane-Gripen reported profits, after financial items, of SKr286m on turnover of SKr5.4bn in 1986, though figures for 1987 – which have not been released yet – are expected to show an increase, helped by acquisitions.

Flotation of Matra 'a success'

By Paul Betts in Paris

THE FLOTATION of Matra, the French defence and electronics group, was five times subscribed, it was announced yesterday, thus proving a success for the Government despite fears that the privatisation would flop because of October's stock market crash.

The Matra sell-off, scheduled for three months ago, was suspended after the market collapse.

However, last month Paris decided to go ahead with the sale of its 50.97 per cent controlling stake to show its continuing commitment to privatisation in the run up to the spring presidential elections.

Mr Eduard Balladur, the French Finance Minister, said yesterday that, following the privatisation, Matra was expected to have 300,000 shareholders – double the government's original target of 150,000.

Subscriptions equivalent to 18.2m Matra shares had been received, 7.9m of which came from individual shareholders – twice the number of shares on public offer. About 80 per cent of Matra parent company employees subscribed to the issue at preferential rates.

The shares were offered at FFr110, valuing the company at FFr2.19bn ($383.4m). Trading in the shares is due to resume next Monday.

Upjohn scores 10% rise in fourth-quarter profit

BY OUR NEW YORK STAFF

UPJOHN, the Michigan-based pharmaceuticals company, has shown a rise of 10 per cent in fourth-quarter net earnings to $71m or 38 cents a share, compared with $64m or 34 cents earned a year earlier.

For 1987 as a whole, Upjohn earned $305m or $1.63 a share, 20 per cent higher than the 1986 profits of $254m or $1.35. Annual world sales increased 11 per cent to $2.5bn, with human health-care products up 11 per cent and agricultural products 8 per cent higher. Upjohn HealthCare Services enjoyed "modest" revenue growth.

US sales were up 7 per cent to $1.6bn, while foreign sales increased 19 per cent to $965m. The total sales increase of 11 per cent was made up of a volume gain of 5 per cent, an average price increase of 5 per cent and a 1 per cent currency benefit.

The company's biggest selling drugs were Xanax and Halcion, two agents for treating central nervous system disorders. Another widely publicised drug, the anti-baldness treatment Regaine, has been approved for sale on prescription in 37 countries, but not in the US.

Mr Theodore Cooper, chairman, said he was "hopeful of US approval in the near future." Upjohn has formed a co-operative venture with Procter & Gamble for the discovery and long-term development of further hair-growth products.

Dominion Securities to shed eight senior staff

BY OUR TORONTO CORRESPONDENT

DOMINION SECURITIES, Canada's leading investment dealer, is to shed eight senior staff including Mr Carl Beigie, chief economist, in response to the October market crash and its pending merger with Royal Bank of Canada.

The country's largest chartered bank agreed in December to pay C$385m for a 75 per cent interest in the firm. Mr Anthony Fell, Dominion president, indicated at the time that "modest" staff cutbacks might ensue.

Also leaving are Mr Michael Biscotti, head of institutional equity trading, Mr Al Green, corporate secretary, Mr Gordon Campbell, head of Vancouver operations, and four corporate vice presidents.

Those affected have either reached the firm's new mandatory retirement age of 60 or have agreed to early retirement.

The firm had already responded to the recent contraction in business volumes by imposing across-the-board salary cuts.

Eastman Kodak stages sharp recovery

BY OUR NEW YORK STAFF

EASTMAN KODAK, the photographic group, stock in which has been under strong selling pressure since it launched a $5.1bn bid for Sterling Drug last month, has produced a sharp recovery in fourth-quarter net results – although its stock price fell further.

Kodak, which is seeking to expand into pharmaceuticals from its base in chemicals and photographic equipment, revealed a rise in earnings for the December quarter to $242m, or 75 cents a share, from $74m, or 22 cents a share, on a 17 per cent gain in sales revenues to $3.53bn.

However, the 1986 results were reduced by special charges of $142m before tax to account for redundancies and restructuring of businesses. The 1987 results, announced on Wednesday, were below Wall Street's best expectations.

Yesterday Kodak stock, which has fallen from $49 on anxieties about the high price paid for Sterling Drug, was trading at $40¾ after falling $3 to $40¼ on Wednesday.

For the year, earnings more than trebled to $1.18bn or $3.52 a share on a 15 per cent in sales to $11.55bn. Earnings in 1986 were $374m or $1.10 a share after special charges of $520m.

Mr Colby Chandler, Kodak chairman, said he expected the Sterling Drug merger to "generate positive cash flow as early as 1989 and to contribute positively to Kodak earnings as quickly as 1990."

"We look for another year of vigorous growth in earnings from operations."

Last year had been an "outstanding year" because of big gains in volume and a 15 per cent improvement in productivity. In the imaging division, sales grew 15 per cent in the year and 17 per cent in the quarter, while chemicals revenues rose 9 per cent and 15 per cent.

Mr Chandler said Kodak had used the advantage of the low dollar "to increase marketing activity in critical regions. The significant benefits of this strategy more than offset the incremental costs."

Notice of Redemption

to the holders of

International Standard Electric Corporation

12% Sinking Fund Bonds Due 1996

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $8,732,000 principal amount has been selected by the Trustee for Redemption on 15th March, 1988 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture.

The following are the serial numbers of the Bonds which will be redeemed in whole:

6	1734	3262	5044	6812	8352	9832	11388	13023	14799
18	1736	3268	5045	6819	8353	9833	11394	13050	14800
38	1738	3272	5051	6827	8360	9856	11395	13054	14810
46	1747	3283	5057	6841	8361	9872	11397	13056	14823
60	1754	3311	5060	6853	8363	9885	11417	13057	14825
65	1759	3322	5068	6865	8365	9896	11419	13064	14829
71	1767	3342	5070	6887	8380	9897	11425	13078	14846
73	1778	3343	5073	6890	8386	9898	11432	13088	14851
74	1788	3345	5074	6910	8396	9900	11446	13099	14862
81	1790	3355	5081	6919	8401	9903	11449	13107	14864
86	1799	3365	5138	6924	8407	9904	11455	13108	14869
97	1801	3368	5141	6931	8412	9905	11467	13114	14875
119	1803	3385	5142	6946	8413	9916	11484	13115	14880
125	1813	3387	5155	6947	8434	9917	11485	13119	14886
129	1815	3417	5164	6949	8440	9954	11503	13125	14905
137	1821	3439	5187	6950	8446	9977	11516	13154	14922
151	1860	3440	5203	6953	8448	9979	11519	13161	14928
176	1865	3441	5205	6979	8453	9980	11522	13169	14953
181	1881	3455	5212	6988	8492	9986	11527	13170	14965
204	1884	3460	5214	6995	8504	9993	11529	13182	14982
212	1898	3468	5218	7008	8515	9997	11535	13191	14983
228	1903	3470	5255	7016	8525	10007	11547	13229	14984
250	1904	3476	5260	7018	8527	10008	11558	13238	14993
257	1917	3484	5264	7020	8541	10010	11573	13239	15037
267	1918	3488	5275	7034	8555	10015	11578	13241	15039
276	1934	3490	5289	7035	8564	10018	11591	13269	15044
282	1951	3511	5290	7044	8581	10021	11597	13270	15050
287	1962	3515	5291	7055	8586	10025	11602	13276	15065
288	1982	3521	5294	7058	8594	10026	11604	13298	15084
304	1987	3540	5296	7065	8599	10036	11606	13299	15085

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(Continued from the preceding page.)

70611	71588	72801	73905
70614	71608	72812	73908
70624	71620	72817	73910
70627	71621	72821	73917
70626	71634	72837	73935
70637	71640	72841	73936
70638	71649	72842	73957
70639	71655	72850	73960
70640	71658	72873	73963
70647	71665	72889	73964
70651	71685	72892	73966
70653	71686	72896	73967
70654	71707	72898	73981
70660	71708	72921	73984
70663	71719	72945	73985
70667	71741	72973	73995
70669	71746	72974	74013
70675	71747	72975	74015
70686	71753	72981	74019
70704	71756	72998	74020
70715	71757	73000	74022
70722	71766	73002	74025
70723	71769	73005	74028
70725	71778	73017	74045
70731	71784	73026	74049
70733	71789	73029	74055
70736	71798	73033	74059
70738	71803	73034	74067
70743	71821	73037	74078
70745	71827	73044	74080
70746	71828	73053	74081
70753	71830	73069	74083
70759	71844	73074	74085
70765	71847	73080	74088
70772	71849	73086	74091
70774	71859	73088	74094
70777	71875	73102	74096
70799	71880	73114	74100
70828	71887	73120	74109
70837	71888	73127	74113
70854	71897	73129	74128
70862	71903	73131	74129
70868	71918	73135	74133
70873	71919	73151	74139
70877	71927	73154	74156
70881	71935	73156	74158
70882	71949	73169	74173
70895	71962	73170	74177
70899	71972	73185	74187
70905	71986	73188	74198
70910	71995	73189	74199
70915	72010	73195	74219
70920	72024	73204	74221
70923	72037	73205	74222
70932	72040	73222	74230
70937	72047	73225	74234
70940	72050	73239	74235
70942	72053	73255	74238
70946	72055	73256	74244
70952	72057	73259	74250
70962	72071	73260	74253
70971	72072	73265	74258
70972	72075	73269	74269
70993	72078	73271	74273
70994	72087	73278	74280
71000	72092	73281	74282
71001	72098	73288	74302
71003	72116	73289	74304
71005	72117	73294	74315
71006	72120	73296	74316
71009	72126	73314	74340
71011	72128	73318	74346
71015	72132	73322	74355
71019	72139	73326	74373
71022	72142	73327	74378
71042	72149	73333	74381
71043	72161	73338	74384
71054	72167	73348	74393
71059	72176	73355	74397
71061	72177	73363	74400
71064	72180	73365	74403
71067	72182	73387	74419
71075	72183	73390	74431
71076	72196	73401	74433
71081	72198	73407	74437
71084	72216	73408	74447
71085	72232	73423	74449
71083	72235	73428	74451
71120	72251	73429	74470
71133	72258	73433	74479
71145	72264	73441	74497
71146	72269	73449	74524
71148	72271	73468	74540
71170	72275	73473	74565
71174	72279	73476	74579
71179	72290	73478	74584
71183	72294	73483	74593
71186	72302	73491	74596
71193	72318	73492	74601
71196	72327	73499	74604
71210	72329	73513	74619
71213	72333	73517	74621
71228	72339	73526	74634
71229	72345	73531	74668
71242	72348	73533	74672
71245	72365	73541	74679
71250	72381	73543	74686
71254	72383	73551	74694
71255	72387	73553	74702
71258	72401	73557	74708
71259	72417	73572	74719
71263	72418	73580	74733
71270	72429	73584	74734
71271	72447	73587	74743
71276	72457	73589	74747
71280	72471	73590	74755
71284	72503	73592	74757
71289	72523	73596	74760
71296	72539	73603	74766
71306	72544	73623	74777
71309	72547	73674	74780
71328	72567	73677	74785
71329	72579	73696	74789
71334	72594	73698	74792
71340	72596	73711	74800
71344	72602	73712	74806
71346	72605	73732	74807
71354	72613	73737	74814
71359	72618	73741	74817
71371	72620	73743	74818
71372	72626	73747	74826
71380	72627	73748	74828
71382	72629	73764	74835
71365	72633	73779	74842
71401	72644	73780	74845
71417	72653	73781	74847
71423	72655	73783	74848
71429	72663	73786	74851
71437	72667	73792	74853
71440	72669	73813	74856
71444	72672	73828	74858
71452	72675	73832	74860
71455	72690	73842	74889
71461	72714	73845	74912
71493	72719	73847	74937
71500	72721	73849	74945
71508	72725	73852	74954
71512	72737	73857	74956
71514	72746	73861	74958
71521	72750	73871	74968
71524	72751	73875	74979
71531	72761	73876	74980
71533	72769	73878	74982
71542	72770	73883	74986
71546	72775	73884	74995
71547	72787	73891	
71559	72800	73898	

Accordingly, on 15th March, 1988 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred per cent (100%) of the principal amount thereof in United States Dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust Company in London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque Indosuez Belgique Brussels, (formerly Banque du Benelux S.A. Brussels), at the office of Banque Generale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation Basle.

The redeemed Bonds should be presented with all Coupons maturing after 15th March, 1988. Coupons maturing on 15th March, 1988 and prior thereto should be detached and surrendered for payment in the usual manner. From and after 15th March, 1988 interest on redeemed Bonds will cease to accrue.

International Standard Electric Corporation

By Bankers Trust Company, Trustee.

5th February, 1988

INTL. COMPANIES AND FINANCE

NCSC suspends trading in Cumberland Credit

BY CHRIS SHERWELL IN SYDNEY

TRADING WAS suspended yesterday in the shares of Cumberland Credit, the cash-rich Australian company which is subject of a dramatic tussle for control.

The move by the Australian Stock Exchange followed a notice from the National Companies and Securities Commission (NCSC), the share market watchdog agency, that trading should be halted because the market was not informed.

Cumberland Credit is currently the subject of a takeover bid by TNT, the transport company controlled by Sir Peter Abeles. Its main asset is cash reserves put at A$200m (US$143m).

TNT launched its 85 cents a share bid last week after increasing its stake to 20 per cent. Its move followed an astonishing series of share deals involving some of Australia's best-known entrepreneurs.

The first came from Mr Larry Adler's FAI Insurances, which announced the sale of its 20 per cent stake to Mr Ian Joye's Coronet Equities last month at A$1 per share. Mr Adler also handed over the chairmanship of Cumberland to Mr Joye.

The move earned Mr Adler public criticism. Other key shareholders who had looked to Mr Adler's expertise quickly bowed out. They included Equitilink and Equiticorp.

Apart from TNT, one buyer of these shares was the entrepreneur Mr Solomon Lew. But he then sold his 16 per stake at 85 cents a share immediately before TNT launched its bid.

Several parties were named as buyers, among them Mr Alan Bond. It also transpired that Mr Adler himself had started buying back into Cumberland.

In addition, Mr Adler's original sale to Mr Joye turned out to be subject to approval from the Foreign Investment Review Board, since Coronet Equities is a New Zealand company.

The bizarre and unexpected consequence was that Mr Adler was obliged on Wednesday to declare that he owned an even larger stake in Cumberland Credit than he had held before. Moreover, his stake was above the 20 per cent mark at which he should launch a takeover bid.

On Wednesday night, the NCSC was reported to have secured a court injunction preventing FAI trading in Cumberland's shares. Yesterday, with the whole affair on the point of degenerating into farce, all trading in the stock was suspended.

Kuwait Projects controls UGB

BY OUR FINANCIAL STAFF

KUWAIT PROJECTS, a Kuwaiti investment firm, has acquired a majority stake in Bahrain-based United Gulf Bank (UGB) through a share swap offer.

Mr Mohammed Youssef al-Sameet, the company's managing director, says more than 70 per cent of UGB's shareholders had accepted the swap, which grants them one Kuwait Projects share for every 1.75 UGB shares.

The offer originally expired on Wednesday, but Sameet said it had been extended until February 18 to give remaining shareholders another chance.

Trading in Kuwait Projects shares on the Kuwait Stock Exchange will remain suspended until February 20.

Mr Sameet said the company's board would propose to stop trading in UGB shares on the Kuwait stock market to save high registration fees. UGB would continue to be listed on the Bahrain exchange.

UGB, hard hit by bad loans, reported a $37.3m loss in 1987. But last month it said it was in a strong position to pursue its investment strategies after a two-year restructuring that phased out its commercial banking operations.

●National Bank of Bahrain (NBB), which is the country's oldest locally registered bank, said it was able to hold 1987 net profit unchanged at BD4.4m ($1.17m) despite a difficult business environment

The bank's chairman, Mr Ahmed Ali Kanoo, said earnings before debt provisions fell to BD10.9m, from BD11.4m in 1986.

But the fall was offset by a decline in the amount of provisions set aside which fell to BD6.5m, from BD7m on 1986 accounts.

●Kuwait Finance House (KFH), an Islamic investment bank, said its 1987 net profits rose 19 per cent over 1986 to KD24.53m ($8.9m) from KD20.56m.

KFH, 49 per cent owned by the Kuwaiti Government and 51 per cent by Kuwaiti nationals, said its end-1987 balance sheet totalled KD1.06bn, up from KD887m at end-1986.

UK group wins Colly Farms battle

BY OUR FINANCIAL STAFF

ANGLO-AMERICAN Agriculture (AAA), the British agricultural group, has won its battle for control of Colly Farms Cotton, the second-largest Australian cotton producer.

AAA said yesterday it had received acceptances in excess of 50 per cent of Colly's share capital, for which it was offering A$2.10 a share.

The offer values the Australian company at over A$76m ($54.3m), and will remain open for other Colly shareholders until March 13.

The bid was launched after Mr Kerry Packer, the Sydney businessman, had offered A$1.86 a share for Colly Farms. When AAA made its offer, Mr Packer had some 20 per cent of the company.

AAA confirmed yesterday that it intends to retain Colly's listing on the Sydney and Melbourne stock exchanges.

Mr David Pinsent, the chairman of AAA, which is largely involved in growing fruit in California, said yesterday: "The management team which the two companies have in North America and Australia will enable Anglo American's expertise to assist Colly to develop complementary export crops of major potential."

Murdoch closes down Brisbane Telegraph

BY OUR FINANCIAL STAFF

THE BRISBANE TELEGRAPH, an afternoon newspaper controlled by Mr Rupert Murdoch, the international publisher is to close after its last edition is published today.

The announcement was made yesterday by Mr Keith McDonald, the chairman of Queensland Press, which publishes the 115-year-old newspaper, and which was acquired last year by Cruden Investments, Mr Murdoch's family company.

News Corporation, Mr Murdoch's stock-exchange listed international media concern, also has an interest in Queensland Press.

The 115-year-old newspaper has a daily circulation of about 112,000, Mr McDonald said, but losses have been increasing. Efforts to cut costs and boost circulation and advertising had been unsuccessful and losses had risen to insupportable levels, he said.

The closure leaves Brisbane, the main city in the state of Queensland, without an afternoon newspaper. Of the city's two morning and two Sunday newspapers, Mr Murdoch's companies own one of each.

Daihatsu pre-tax up 29% in first half

By Carla Rapoport in Tokyo

DAIHATSU, one of Japan's medium-sized vehicle manufacturers, yesterday reported a 29 per cent jump in pre-tax profits for the six months ended December, thanks to increased sales of its mini-cars.

The company said that sales for the period were up 7.2 per cent to ¥283bn ($2.83bn), while pre-tax profits hit ¥5bn.

Daihatsu said that sales of its subcompact cars in Japan declined, but mini-cars surged.

Sales of its new subcompact, Charade, in the US were strong. Mini-car sales in Japan were boosted by increased production for Toyota.

For the current year, which covers a nine-month period to March, Daihatsu expects profits to hit ¥8bn on sales of ¥440bn.

Profits surge 41% at Showa Aluminum

By Our Tokyo Staff

SHOWA Aluminum boosted pre-tax profits 43.1 per cent in the year to last November thanks to the construction boom in Japan.

The company also benefited from the increased demand for beer cans during the period, it said, as well as improved profits from its financial investments.

Pre-tax profits in the period jumped to ¥3.2bn ($25.2m) on sales 7 per cent higher at ¥122bn.

Showa was able to reduce sharply its interest rate payments in the period through issuing convertible bonds with warrants and then using the cash to reduce its long and short-term debts.

Showa said it intends to raise its annual dividend by ¥1 per share to ¥5.

For the current year, the group forecasts a further 7 per cent rise in pre-tax profits on a 6 per cent rise in sales.

Bronfman savours victory on Martell estate

George Graham accompanies the management of Seagram on a visit to France's Cognac region

MR EDGAR BRONFMAN Jr was beaming happily as he surveyed his new property in south-western France.

"We didn't expect we would have to pay so much," he admitted.

"But Martell is priceless," prompted Mr Rene Firino-Martell, who has just sold his family company, the second largest producer of cognac, to Mr Bronfman's Seagram group for FFr5.25bn ($922.6m).

Mr Firino-Martell conceded, however, that the bill for Martell, after Seagram was forced by the French Government into a public bidding battle with Grand Metropolitan of the UK which required it to raise its offer from FFr2,500 a share to FFr3,475, was steep.

"It is three times the normal price. I could not personally afford to buy shares at that price," he said yesterday, standing among the tapestries of Martell's family chateau just outside Cognac.

Mr Bronfman said the decision to buy Martell at around 38 times last year's earnings could not be justified on short-term financial grounds, but in the long term the fit between Seagram and Martell was perfect.

"There are three essential categories in top quality drinks distribution – Scotch whisky, champagne and cognac. We have the largest selling premium Scotch, in Chivas Regal, the second largest selling champagne, in Mumm. We did not have a cognac," Mr Bronfman said.

For Mr Firino-Martell, the need to link up with a larger group had become urgent. He began to think about such an alliance when Guinness joined with Moet-Hennessey.

"Everyone expected alliances on a planetary scale," he said.

At that stage Martell formed a preliminary distribution agreement with GrandMet, but Mr Firino-Martell was unhappy about the way the agreement was being implemented. He was angered when GrandMet, without asking him in advance, told him it was raising its stake in Martell from 10 per cent to 20 per cent.

"I must say that we did not at all like their decision to move to 20 per cent without telling us. We got very angry," Mr Firino-Martell recalled.

With Seagram now victorious in the battle for Martell, the distribution agreement with GrandMet remains one of the thorniest problems. Mr Firino-Martell and Mr Bronfman are under lawyers' orders not to comment.

Other drinks marketing executives believe, however, that Martell will be able to abrogate the agreement.

In Cognac, meanwhile, there are sad faces at what seems like the end of an era.

In the words of one Martell employee: "Seagram has done a lot to reassure us that they do not plan to change the way the company runs, but there is the sentimental side – I have worked for Martell for 32 years and I cannot hold back a little tear."

Edgar Bronfman: did not expect to pay so much

Nedlloyd adjusts terms of votes plan

By Our Financial Staff

NEDLLOYD has adjusted the terms of its controversial statute change and rights issue in advance of next Friday's extraordinary shareholders' meeting.

Nedlloyd said its planned rights issue to four Dutch financial institutions, which effectively doubles group capital, would not create more than an extra 120 votes.

In addition, the company said it would no longer seek to alter voting rules for future statute changes.

The Nedlloyd statement coincides with a concerted campaign by dissident shareholders, involving advertisments in newspapers, to stop the company going ahead with the statute and financial moves.

A shareholders' meeting held on January 25 to approve the initial proposals failed to find the necessary quorum following a boycott by shareholders.

The boycott reflected the widely held view that the Nedlloyd plans, which were aimed at making the company effectively bid-proof, were in contravention of shareholder rights.

Nedlloyd said it had now agreed with the institutions that the certificates it planned to issue would be non-convertible. The voting shares would be held by one single administrative office, holding all the votes.

Nedlloyd's dissident shareholders are led by Mr Torsten Hargen, a shipping consultant who heads a group of Norwegian investors controlling about 5 per cent of the Dutch shipping line.

For 1987 Nedlloyd suffered a loss of Fl 990m ($523.8m) following a Fl 1bn write-down on its fleet and offshore rigs. The company made a net profit of Fl 71.6m in 1986, and has forecast a strong recovery for 1988.

Matra float five-times subscribed

By Paul Betts in Paris

THE FLOTATION of Matra, the French defence and electronics group, was five-times subscribed, Mr Edouard Balladur, the French Finance Minister, said yesterday.

The privatisation of the group has thus turned out to be a success for the Government after fears that it might backfire as a result of the stock market crash.

Matra was originally due to be sold off by the state three months ago, but the Government suspended the privatisation after the October stock market collapse.

But last month it decided to go ahead with the sale of its 50.97 per cent controlling stake to show, before the spring presidential election, its continuing commitment to privatisation.

Mr Balladur said that Matra was expected to have 300,000 shareholders as a result of the privatisation. This is double the Government's original target of 150,000

The minister also said that subscriptions had been received equivalent to 18.2m Matra shares. Of this figure, 7.9m came from individual shareholders – double the number of shares on public offer. Moreover, 80 per cent of Matra parent company employees subscribed.

The quotation on the Paris bourse of Matra shares – which were offered by the state at FFr110, valuing the company at FFr2.19bn ($383.4m) – is due to resume next Monday.

Writs threat in La Générale bid battle

BY TIM DICKSON IN BRUSSELS

MR CARLO De Benedetti, the Italian entrepreneur whose bid to win control of Société Générale de Belgique has inspired a bitter battle for Belgium's most powerful company, announced yesterday that he will be taking legal action against those responsible for this week's hectic purchases of La Générale shares.

The latest legal twist came before the announcement that Compagnie Financiere de Suez, the Paris-based financial holding company for the Suez banking group, had acquired a 10 per cent stake in the beleaguered institution.

Mr De Benedetti's legal action was to initiate a procedure called "Complaint against X" which involves an investigation by a Belgian judge and which, his camp says, could lead to criminal prosecution.

The X means that it is up to the judge to identify those responsible but it is no secret that Cerus, Mr De Benedetti's Paris-based holding company which is masterminding his bid, considers that the huge "off bourse" purchases on Tuesday and Wednesday were illegal and that La Générale was itself involved. An spokesman for La Générale has denied this.

The intervention of Suez, with a 10 per cent stake, has brought a new player to the two-and-a-half-week old drama.

Mr De Benedetti, who wants to establish a European financial and industrial empire based on La Générale, already controls directly or indirectly 18.6 per cent of the group and awaits permission to make a formal offer for another 15 per cent.

Mr André Leysen, the Flemish businessman whose Gevaert holding company is effectively controlled by the Belgian section of Paribas, the French investment bank, claims to be willing with a group of institutions to subscribe for at least 10m of the 12m new shares to be issued by the La Générale board as a means of diluting Mr De Benedetti's stake.

This last manoeuvre is the subject of a separate court case, the outcome of which will not be known until next Tuesday.

The Brussels bourse, meanwhile, was less active yesterday than on Wednesday when new records were set both for volume in La Generale shares and for total market turnover.

Even so, about 670,000 shares changed hands

Carlsberg buys brewery in West Germany

By Hilary Barnes in Copenhagen

CARLSBERG, the Danish brewer, has become the first foreign beer group to acquire a brewery in West Germany. It has bought the Hannen Brewery, in Mönchengladbach, from Deutsche Brau for an undisclosed sum.

The German brewery sells about 900,000 hectolitres of beer a year with a turnover of DM100m ($59.5m).

Carlsberg's beer sales last year were 16m hectolitres, of which 70 per cent was sold outside Denmark. Group turnover was DKr9.1bn ($1.41bn).

The German acquisition marks another significant step in Carlsberg's international expansion. It also owns breweries in the UK, Italy, Spain, Turkey and Hong Kong.

KLM earnings increase 58% in third quarter

BY OUR FINANCIAL STAFF

KLM, THE Dutch airline, yesterday reported a 58 per cent rise to Fl 57.8m ($30.5m) in third-quarter earnings following an improvement from Fl 1.25bn to Fl 1.39bn in group income.

The company, which is 39.4 per cent owned by the Government, said it expected net earnings for the full year, ending March 1988, to be broadly maintained at last year's Fl 301m.

In the third quarter, KLM's planes were 71.4 per cent full against an industry average closer to 65 per cent. Last year, KLM had 68 per cent capacity.

However, the heavier load factor will not result in surging income for the year as a whole since margins are being squeezed by the weakness of the dollar. In the third quarter, the guilder was 13 per cent higher against the dollar than a year earlier.

KLM's income from air traffic, at Fl 1.15bn, was 7 per cent higher in the third quarter. An Amsterdam analyst said yesterday that the income from traffic had risen more than expected and the growth of the load factor looked to have made up for rising fuel prices and the lower dollar.

Fuel costs rose, in guilders, by 13 per cent during the quarter. About 30 per cent of the airline's income comes from North American routes.

The company made a profit Fl 5.3m on the sale of fixed assets, against Fl 100,000 last year. Of the total gain, Fl 4.8m stemmed from the sale of a Sikorsky S-61 helicopter.

Oerlikon sales decline likely to continue

By John Wicks in Zurich

OERLIKON-BUEHRLE, the Swiss industrial group, has reported a decline in sales from SFr4.66bn ($3.4bn) to SFr4.1bn for 1987. It says the result is unsatisfactory and sees no real improvement in the current year.

The company made a SFr89.8m loss in 1986 and passed its dividend. There will be no dividend for 1987.

The parent company reports that more than half of the sales decline in 1987 was due to divestments.

While business in the civilian sector is said to have developed favourably "despite what were in part adverse conditions," Oerlikon was unable to meet sales and income targets in the military products field.

Eurosterling debut for Marks and Spencer

BY CLARE PEARSON

MARKS AND Spencer, one of only two British companies to have its debt awarded the finest credit rating by both US rating agencies, yesterday made its debut in the Eurosterling market with a £150m five-year deal.

Competition for the mandate – won by Credit Suisse First Boston – was said to have been ferocious. The 9¾ per cent bond emerged on the tightest terms seen in Eurosterling this year: priced at 101¾, it gave an initial yield spread over gilts of just 15 basis points.

A week ago, British Telecom, the other triple A-rated company, raised five-year funds in the market at a cost of about 20 basis points over the gilt. But CSFB said the yield margin on this issue (made through a finance subsidiary) was only about 10 basis points.

The bond was widely thought tightly priced, though the attraction of Marks and Spencer's name to Continental retail investors meant that it was likely to find firm placement in due course.

The lead manager said all its sales had been made at discounts equivalent to, or less than, the total 1⅞ per cent fees. However, a bid of less 2⅛ appeared on a broker's screen during the afternoon.

Marks and Spencer said it would be using part of the proceeds, which were being swapped into floating rate sterling, to fund its financial services activities.

Woolwich, the UK building society, also tapped the Eurosterling market for £50m five year funds. Some dealers said demand for Eurosterling bonds had improved following Monday's ½ percentage point rise in UK base rate lending rates, with Continental investors seeing the move as having taken uncertainty out of the market ahead of the Budget next month.

However, Hambros Bank's 10¼ per cent bond for the Woolwich, which gave an initial yield spread of 62 basis points over the gilt at launch, was thought to be aimed mainly at UK institutions. Priced at 101⅞, it was bid at less 2⅛ point below total fees.

INTERNATIONAL BONDS

Yamaichi International (Europe), with Deutsche Bank Capital Markets as joint lead manager, led a $160m deal for Caisse Nationale des Telecommunications while seasoned Eurodollar bonds eased ahead of the last leg of the US Treasury's auctions.

But CNT's five-year 8½ per cent issue, priced at 101½, seemed to attract steady demand. It was bid at less 1.62, within 1⅞ per cent fees.

An opening up of swap opportunities seemed to be behind the launch of yesterday's three Canadian dollar deals.

Bank of Montreal Capital Markets led a 10 per cent C$75m five-year deal for Montreal Trustco, priced at 101⅛. Swiss Bank Corporation Investment banking announced a C$100m five-year 9¾ per cent bond for Oesterreichische Kontrollbank, priced at 101¾. Both issues traded at levels around their fees.

A seven-and-a-quarter-year C$75m 10⅛ per cent issue for Crédit Local de France, led by Société Générale, was expected to be a harder sell as Continental retail investors generally prefer shorter dated Canadian dollar paper. The bond was priced at 101⅛.

Nikko Securities took the plunge in the Japanese equity warrants sector and cut the coupon on its five-year deal for Shimadzu Corporation by ⅛ per cent to 4⅞ per cent when pricing took place yesterday.

Dealers had earlier said it was only a matter of time before issuing houses abandoned the 5 per cent coupon level of these deals which had prevailed since the market reopened this year, since most issues were trading at substantial premiums. But there were still some concerns that a "coupon-cutting war" might result.

Yesterday's three new equity warrants bonds were all announced before Nikko's move, and all bore indicated 5 per cent coupons. Nikko itself led a $50m deal for Toyo Wharf and Warehouse, Daiwa Europe a $150m bond for Dai-Ichi Seiyaku, the pharmaceuticals company, and Nomura International a $70m bond for Tokai Electrical Construction. All were par-priced with five-year maturities.

Domestic D-Mark bonds saw most of yesterday's trading activity. Prices opened easier, but then registered small gains as no sellers emerged. D-Mark Eurobonds closed unchanged in low turnover.

In Switzerland, primary market bonds were in demand. A recent SFr150m 5 per cent 20-year bond for Electricité de France improved by nearly ½ point in price to less 1 in grey market trading. The secondary market was unchanged to slightly firmer.

Credit Suisse led a SFr100m five-year convertible for Dai-Ichi Seiyaku. The par-priced bond, which has calls and puts, has an indicated 1¼ per cent coupon.

Union Bank of Switzerland announced a SFr103m four-year bond for IC Industries, the Chicago based diversified holding company. The 4⅜ per cent par-priced bond was bid in the grey market at less 1.

Japanese banks for Germany

THE JAPANESE Ministry of Finance is to allow three Japanese commercial banks to go ahead with plans to set up securities subsidiaries in West Germany, reports Reuter.

MoF officials said Fuji Bank, Sumitomo Bank, and Mitsubishi Bank were expected shortly to file applications for licences with the German authorities.

The three banks, if they win the licences, are expected to set up subsidiaries to focus on underwriting and dealing in West German government securities and in D-Mark bonds issued by Japanese companies.

About 10 other Japanese banks have expressed a desire to set up securities subsidiaries in West Germany, though the MoF has not yet decided how many of them should be allowed to do so.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 4

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95⅞	96⅜	0	+0½	8.67
All Nippon Air 9⅝ 97	100	†98⅞	98⅞	−0⅛	+0⅞	9.58
American Brands 8⅞ 92	150	98⅜	98¾	−0¼	+0⅞	9.27
A/S Eksportfinans 7⅝ 93	100	†95¼	95¾	−0⅛	+0¼	8.63
A/S Eksportfinans 7¼ 92	150	96⅛	96½	−0⅛	+0⅛	8.40
Barc. Bk. Fin. 10¼ 89	200	†102⅞	103⅛	−0⅛	−0¼	8.34
Belgium 9⅛ 92	400	†102⅛	102⅝	−0⅛	+0⅝	8.46
British Telecom 7⅜ 96	250	91	91½	−0¼	+0⅝	9.12
British Telecom 8⅞ 94	150	101¼	101¾	0	+1¼	8.55
Canada 9 96	1000	101½	102¼	0	+0⅛	8.68
Canadian Pac 10¾ 93	100	†105	106	+0¼	+0½	9.37
C.C.C.E 7⅞ 91	113	†96¼	96¾	−0⅛	+0⅝	8.24
C.N.C.A 7¼ 91	150	95¾	96⅜	+0⅛	+0¼	8.49
Coca-Cola Ent. 8¼ 90	100	†101¼	101¾	−0⅛	−0¼	7.52
Credit Lyonnais 9 91	200	102¼	102½	0	+0½	8.13
Credit National 7⅞ 92	100	96⅛	96⅝	0	+0⅛	8.41
Credit National 7¼ 91	150	96½	97	0	+0⅞	8.26
Denmark 7⅛ 92	500	95⅛	95⅝	0	+0⅝	8.50
Denmark 8¼ 91	300	*†101¼	101¾	0	0	7.84
E.E.C 7 91	100	96¼	96¾	0	+0¼	8.13
E.E.C. 7¼ 93	250	95¼	95⅞	0	+0¼	8.40
E.E.C 8¼ 96	100	95¼	95¾	−0½	+0⅛	9.05
E.I.B. 7⅜ 93	100	95⅞	96¼	−0¼	+0⅛	8.54
E.I.B. 9⅝ 97	150	101⅝	102⅛	0	+0⅝	9.06
Finland 7⅞ 97	200	92⅛	92⅝	0	+0⅝	9.16
Finland 7½ 93	200	95⅛	95⅝	−0⅛	+0½	8.56
Finland 9⅛ 92	100	*†101⅝	101⅞	0	0	8.63
Ford Motor Cred 11⅛ 90	100	105¾	106¾	−0¼	0	8.05
Gen Elec Credit 10¼ 00	200	102¾	103¼	+0¼	+0⅛	9.80
G.M.A.C. 8 89	250	100⅜	100¾	−0⅛	+0⅛	7.59
G.M.A.C. 8¼ 89	200	100⅞	101⅜	−0⅛	+0¼	7.33
Hoesch 8¼ 97	100	†94⅞	95⅜	−0⅛	+1⅞	9.05
Hoesch 7⅜ 92	100	†96⅞	97⅜	−0⅛	+0⅞	8.21
Italy 9 90	1000	102¾	102⅞	+0⅛	+0⅛	7.83
Liberty Mutual 8½ 96	150	*†95¼	95¾	0	0	9.32
L.T.C.B of Japan 8 91	100	98⅝	99⅛	0	+0½	8.35
L.T.C.B. of Japan 8 97	200	91¼	91¾	0	+0¼	9.45
Merceds-Benz Cred 8¼ 92	100	†100⅞	101⅜	−0⅛	+0⅞	7.91
Metropolis Tokyo 9½ 93	200	103⅛	103⅝	−0⅛	+0⅛	8.62
Mitsubishi Fin. 7⅞ 93	100	†95	95½	−0⅛	+0⅝	8.94
Mutual America 7⅞ 92	100	†96⅝	97¼	−0⅛	+0⅞	8.59
Norway 7¼ 91	500	*†98⅝	98⅞	0	0	7.69
Pepsico Inc 7⅞ 93	200	†95⅝	96⅛	0	+0¼	8.36
Prudential Crp. 8¾ 94	125	100¾	101⅜	0	+0⅞	8.52
Qantas Airways 10⅛ 95	140	105¼	106⅜	−0¼	+0⅛	9.20
Saab Scania 9½ 91	125	†103¼	103¾	−0⅛	+0¼	8.14
Saskatchewan 10¼ 92	100	107⅛	107¾	−0¼	+0¼	8.49
State Bk S Aust 9¼ 93	100	101⅛	101½	−0¼	+0⅛	8.93
Swedish Expt.Crd. 7¼ 91	100	†96¼	96¾	0	0	8.34
Swed Exp Cred 10 92	100	106½	106⅞	−0¼	+0¼	8.17
Sweden 7 91	250	96⅜	96⅞	+0⅛	+0⅛	8.08
Sweden 7 92	250	†95⅞	96⅜	−0⅛	+0⅛	8.17
Sweden 8¼ 96	200	98⅛	98⅝	−0⅛	+0⅛	8.99
Sweden 8½ 92	200	†100¾	101¼	0	+0½	8.20
Toyota Mtr. Cred. 9 90	200	†102⅞	103⅜	−0⅛	+1	7.73
Toyota Mtr. Cred. 7⅞ 92	150	†95⅞	96⅛	−0⅛	+0½	8.38
Victorian Rep 11⅛ 92	150	109½	110	−0⅛	0	8.75
World Bank 7 92	300	†96⅛	96⅝	+0⅛	+0½	8.10
World Bank 9 97	300	99⅝	100	−0⅛	+0⅛	9.04
Yasuda Trust Fin 8½ 93	100	97⅞	98⅛	−0¼	+0½	8.93

Average price change... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101¼	102	0	0	5.70
Avis Fin. SVS 5⅞ 92	100	†102½	103	+0¼	+0⅞	5.11
Bank of Greece 5⅞ 92	300	99¾	100⅛	+0½	+1⅛	5.40
Bank of Tokyo 5¾ 93	100	†102¼	102¾	0	+0⅛	5.17
Central BK. Turkey 7 92	200	†102⅝	103⅛	0	−0⅛	6.26
Degussa Int. 6⅛ 97	200	98¼	98¾	+0⅛	+0⅛	6.33
E.I.B 5½ 98	150	95⅛	95⅞	+0⅛	+1⅛	6.10
E.I.B 6 97	300	99¾	100½	0	+0¾	5.98
E.I.B. 6⅛ 96	300	101⅝	102⅛	+0¼	+1	5.85
E.I.B. 6⅛ 97	400	100¼	101	+0⅛	+0¼	6.03
E.I.B. 6¾ 95	300	105⅞	106⅜	+0⅛	+1	5.85
Euro.Coal& Steel 5⅞ 97	175	98¼	99	0	+1⅛	6.08
Eurofima 6¼ 96	100	101⅝	102⅛	0	+0½	5.93
Elec De France 5¾ 97	300	97⅜	98⅛	+0¼	+1	6.03
Forsmark Krtg. 5⅛ 93	200	99½	99⅞	+0⅛	+0¼	5.18
I.A.D.B. 6 97	200	97¾	98½	0	+0¾	6.27
IBJ 5⅞ 92	100	†103	103½	0	0	5.07
Japan Finance 5¾ 97	100	96⅞	97⅝	0	+0¾	6.19
Ireland 6½ 97	300	†99½	100	0	+0⅝	6.53
Korea Dev BK 6¾ 93	100	102⅞	103¼	−0¼	+1¼	6.00
Malaysia 6¼ 94	150	99	99½	+0¼	+0½	6.39
Oesters. Kontbk. 5 93	300	99¼	99¾	0	+0⅛	5.12
Portugal 5¾ 92	150	102½	103¼	+0⅛	+0⅝	5.01
Portugal 6⅝ 95	150	102¾	103⅛	0	+0¼	6.15
Royal Insurance 5½ 92	300	†102⅝	102⅞	−0⅛	+0⅛	4.79
Statoil 6¼ 97	200	†99¼	99¾	−0⅛	+0⅛	6.32
Soc Cent Nuclear 7¼ 95	150	103⅛	103⅝	0	+0¼	6.63
Stinnes 5½ 96	100	97⅞	98⅛	0	+0⅝	5.77
Tokyo Elec. Power 6 97	300	†98⅝	99⅛	+0⅛	+1	6.16
World BK. 6¼ 97	600	100⅞	101⅝	+0⅛	+0¼	6.00

Average price change... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅛ 96	100	†102	102½	0	−0¼	5.28
Asfinag 5 02	150	†99½	100	0	+0⅞	5.02
Bayer W/W 2½ 02	250	†95	95¾	0	+1	2.92
BBL W/W 2¾ 97	100	*†87	87½	0	+0⅝	4.43
Elec.De.France 5 07	100	†99¾	100	0	−0¼	5.01
E.I.B. 4¾ 97	200	†100¼	100½	+0⅛	+0¼	4.70
E.I.B 4⅝ 97	200	†99½	99¾	−0¼	−0¼	4.67
Enso Gutzeit 5 99	100	†100	100½	−0⅛	+0⅛	4.97
Ireland 5 02	150	†94½	95	−0⅛	−0¼	5.54
Newfoundland 5⅛ 02	150	†100½	101	0	+0¼	5.05
Occidental Petrol 5¾ 92	100	†103	103¾	0	−0¼	4.88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	97	97½	0	+0⅝	5.14
E.I.B 4⅝ 94	40	97⅜	97¾	−0⅛	0	5.07
Elec. De France 5⅛ 94	20	100⅝	100⅞	+0⅛	+0⅛	5.00
Kansai Electric 4⅝ 94	60	96⅛	97	−0⅛	0	5.24
Norway 4¼ 92	60	97⅞	98¼	+0⅛	+0⅛	4.75
Rep. of Italy 5⅜ 92	150	103⅜	104	0	−0⅛	4.68
Sweden 4⅜ 92	50	97⅞	98¼	−0⅛	0	4.88
World Bank 5⅛ 92	50	103⅜	103¾	+0⅛	+0¼	4.60

Average price change... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aegon 5¾ 91 FL	100	101½	102⅛	0	0	5.20
Aegon 8¼ 89 FL	100	103⅜	104⅛	0	−0⅛	5.37
Alg. Bk. Ned. 5¾ 91 FL	100	101½	102	0	+0⅛	5.20
Amro Bank 6¼ 92 FL	150	101⅝	102	0	0	5.79
Amro Bank 6 92 FL	200	101	101⅜	+0⅛	−0⅛	5.68
Barc. Bk. 10¼ 97 £	250	98⅝	99⅛	−0¼	−0½	10.43
BP Capital 13¾ 92 A$	75	†104⅛	104⅝	−0¼	−0¼	12.36
Creditanstlt. 14⅛ 90 A$	60	†101⅝	102⅛	−0¼	−0½	13.05
Denmark 7¾ 92 ECU	100	101¼	101¾	+0¼	−0¼	7.30
DG Fin. Co. 13¾ 90 A$	50	†104	105	0	−0½	11.56
DG Fin. Co. 14 90 A$	75	†102	103	0	−0⅝	12.68
DG Finance 14⅛ 92 A$	50	†103	104	0	0	13.19
Deutsche Bank 9⅛ 97 £	75	†98⅛	98⅝	0	−1¼	10.12
Deutsche Bk. 14¼ 92 A$	100	†106	106½	0	−0¼	12.20
Dresdner Fin. 13¾ 91 A$	100	†104¼	104⅞	0	+0¼	12.08
E.I.B 8⅝ 93 LF	1000	†102	103	0	0	8.00
Euratom 7⅜ 97 ECU	145	96¼	96⅝	−0⅛	−0⅛	7.94
Euratom 11½ 88 FL	150	102⅛	102⅝	0	0	0.04
Eurofima 17½ 89 NZ$	50	†103	104	0	0	14.99
Finland 6 91 FL	100	101⅝	102¼	+0⅛	+0¼	5.44
Ford.Mtr.Cred. 13¾ 91 A$	75	101¾	102½	−0⅛	−0⅛	12.91
Gillette Can. 9⅞ 93 £	70	96⅜	96⅞	−0⅛	−0⅜	10.46
G.M.A.C. 9¼ 92 C$	75	97⅝	98¼	+0⅛	+0⅛	9.82
G.M.A.C Aus.Fin. 14 90 A$	50	101½	102⅛	−0⅛	−0⅛	13.01
Halifax BS 10⅞ 97 £	100	99⅝	99⅞	−0½	−0¼	10.46
Heineken NV. 6½ 91 FL	150	†103⅝	104¼	0	+0⅛	5.03
Honda Mtr. W/W 3⅞ 90 FL	100	†108	110	0	0	−0.34
Hunter Dgas. N.V. 7 91 FL	50	†101⅛	102¼	0	0	6.25
Imp Chem Inds 10 03 £	100	96⅛	96⅝	−0¼	−0⅝	10.48
Inv. In Ind. Intl 10 93 £	60	99⅝	100	−0⅛	−0⅜	10.08
Leeds B.S 10½ 91 £	50	100¾	101⅛	−0⅛	−0⅜	10.18
Mort.Bk.Denmark 6 91 FL	150	100⅝	101¼	−0⅛	+0½	5.73
Mtge. Bk. Dn. 6¾ 91 FL	100	102⅝	103	0	0	5.78
Nat. Australia 14 92 A$	50	102⅝	103⅛	−0⅛	−0⅛	−0.50
Nat. West. Bk. 13⅞ 92 A$	50	†101	101½	−0¼	−0½	12.72
Nationwide BS 10⅛ 93 £	75	99¼	99¾	−0⅛	−0⅜	10.23
New Zealand 7¾ 93 ECU	200	99¼	99¾	+0¼	+0¼	7.87
Oesters.Ktbk. 13¾ 94 A$	75	103¼	103⅞	−0⅛	−0⅜	12.78
Prudential Fin. 9⅞ 07 £	150	89⅝	89⅞	−0⅛	−0⅜	10.67
S.D.R. 7¾ 95 ECU	90	99⅝	100⅛	+0½	+0⅛	7.75
Tsthouse Forte 11½ 90 £	50	101¾	102⅛	−0⅛	−0¼	9.95
World Bank 6½ 90 FL	100	102½	103⅛	−0⅛	0	5.33
World Bank 5¾ 91 FL	100	101⅝	102	0	0	5.24
World Bank 5¾ 92 FL	100	100⅜	101¼	+0½	+0½	5.47
World Bank 13⅞ 92 A$	100	†102½	103	−0¼	−0½	12.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.39	100.49	13/06	8.17
Alliance & Leic. Bld 94 £	.08	99.07	99.12	21/04	9.02
Belgium 91	0	100.08	100.18	19/02	7.19
Britannia 5 93 £	0⅛	99.63	99.68	8/04	9¼
Chase Manhattan Corp 91	0⅛	99.08	99.33	22/02	7.19
Citicorp 98	†0¼	96.85	97.10	29/02	7.69
EEC 3 92 DM	†0	100.31	100.36	22/02	4.31
Halifax BS £ 94	.1	99.45	99.51	8/02	8.97
Invt. in Industry £ 94	0	99.45	99.55	24/02	9.44
Midland Bank 01 £	.1	94.83	95.67	11/02	8.97
Milk Mkt. Brd. 5 93 £	0⅛	99.48	99.53	30/03	9
New Zealand 5 97 £	.07	99.35	99.45	18/02	9.06
New Zealand 5 01	0	98.86	98.96	4/08	6.98
Shearson Lehman Hldg 97	†0¼	99.00	99.50	8/02	7.62
United Kingdom 5 92	0	100.09	100.16	7/04	7.12
Woodside Fin. 5¾ 97	0	98.84	98.94	28/04	7.13
Woolwich 5 95 £	0⅛	99.29	99.34	19/02	9.12

Average price change... On day −0.02 on week −0.03

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	10/87	62	89	90½	0	40.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	33.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23.12
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30.02

* No information available–previous day's price

† Only one market maker supplied a price

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Tokyo is convinced foreign investors will return

By Stephen Fidler and Ian Rodger in Tokyo

THIS MAY be the era of global markets and 24-hour continuous trading, but the perception gap between Tokyo and the rest of the world these days on the outlook for the Tokyo stock market could hardly be wider.

The prevalent view in London and New York appears to be that the Tokyo market is ridiculously overvalued. Many analysts believe that because it did not fall as far as other markets last October, it can be expected to take a big tumble at any moment.

Acting on this "waiting for the other shoe to drop" hypothesis, most foreign investors are refusing to make new commitments in the Tokyo market.

In Tokyo, however, analysts are beginning to argue openly that foreign investors, who have been net sellers of Japanese equities for the past three years, will soon start piling back into the market. Some even say that the foreign investor will be the main force propelling the Tokyo stock market to new heights later this year.

Sixth boom

Mr Michio Oikawa of Nomura Securities, says: "I think this year will mark the start of the sixth foreign investment boom in the Japanese market since the war." Mr Norio Watanabe, chief portfolio manager of Credit Suisse Investment Advisory in Tokyo, agrees: "This year we will see the revival of foreign investors."

The arguments to back up this startling view run roughly as follows:

●The Tokyo stock market now accounts for over 40 per cent of total world stock market capitalisation. Therefore, foreign institutional investors should maintain a reasonable weighting of Tokyo shares in their portfolios.

However, as a result of a massive sell-off of Japanese equities by foreign investors in the past three years, most foreign investors now have very small Japanese holdings.

As a group, they account for only about 3 per cent of the capitalisation of the Tokyo Stock Exchange compared with more than 8 per cent three years ago. According to Mr Watanabe, only 1 per cent of US pension fund assets of Y2,000bn are now invested in Japanese equities.

●Tokyo analysts also say that the Tokyo market, regardless of the debate over share price levels, has demonstrated its exceptional stability and liquidity in the market crisis of the past three months.

These are qualities which many large foreign investors need and which cannot easily be found elsewhere, they suggest.

Buoyant outlook

●The Tokyo market is backed by a strong economy with a buoyant outlook, features which are also hard to find elsewhere.

Mr Hitoshi Ishihara, managing director of Yamaichi Securities, says: "Now international investors are finding that the Japanese equity market is the most steady and reliable market. It is also a liquid market in which the security houses are very strong. And the fundamentals are still very good."

All this talk is, of course, blatantly self-serving for those involved in the Tokyo stock market. Sceptics can point out that the stability of the market has been achieved to a considerable degree by the supportive intervention of the Japanese Ministry of Finance at crucial points.

Last month, for example, the MoF changed the accounting rules for some big institutional investors so they would not have to realise losses in March. The market has been strengthening ever since.

Moreover, the Japanese economic outlook, even though based on a surge in domestic demand, might not be so bright if the economies of Europe and the US weakened significantly.

However, even the sceptics in Tokyo admit there is a case to be made.

There is a smidgeon of evidence to suggest that at least a few foreigners are returning. In the second half of December, foreigners became net buyers of Japanese equities for the first time in several months, and the trend apparently continued in January, although at only very modest levels, compared with the massive $55.4bn sell-off last year.

Rudloff castigates world's bankers

BY WILLIAM DULLFORCE IN ZURICH

THE OVERSTAFFED, mismanaged banking industry, now contracting as fast as it had expanded, needs to return to fundamental principles and sound underwriting practices, Mr Hans-Joerg Rudloff, a member of the Credit Suisse executive board and deputy chairman of Credit Suisse First Boston (CSFB), said in Zurich yesterday.

Sobered by the stock market crash of last October, banks should now be ready to provide investors with a "more reasonable, competent and careful" industry, Mr Rudloff told a conference of mainly portfolio and fund managers organised by Euromoney. He was warmly applauded.

Generally regarded as the man whose skilful use of innovative financial instruments took CSFB to the top of the Eurobond underwriting league, Mr Rudloff castigated the "outright speculation" by bankers which had "destroyed profit margins" and divorced banking from "the real economy."

A huge human price was being paid by the thousands of people now losing their jobs in London and New York. They had been hired by managers of financial institutions who had misjudged the situation and had taken on excessive staff for speculative purposes.

Among other targets for Mr Rudloff's arrows were:

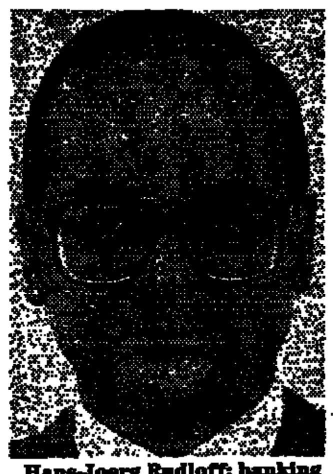
●Raiders who, with the complicity of investment bankers, rated companies by liquidation values rather than by earnings and dividends;

●Bankers who had sold hybrid securities to the public at premiums of 12 to 14 per cent, hiding their profits behind the sophisticated structures of their instruments;

●The London Stock Exchange, which had changed its name to the International Stock Exchange, claiming it could trade shares of multinationals such as Nestlé and Daimler-Benz better than their local markets – an "illusion" which had disappeared in October;

●Institutional investors who last year had "discovered provincial markets" such as the Spanish Stock Exchange, when it was simply not prepared to handle their business.

Mr Rudloff was not entirely negative. On the whole he approved of the three forces – innovation, deregulation and globalisation – that had dominated financial markets before October.



Hans-Joerg Rudloff: banking industry needs return to fundamental principles

Deregulation had created more efficient markets, while new instruments allowed businessmen and investors much greater flexibility in reaching their objectives. The instrument was neutral; it was the abuse of the instrument that damaged, Mr Rudloff said.

Globalisation of markets put the onus on the governments which had opened the way for the free flow of capital round the world. It meant that countries' economic performances would be tested by the free movement of capital and by the verdict of investors, however hard some governments might now find it to live with the situation.

The crash of the dollar, the reserve currency, was more serious than the October adjustment of overvalued securities on stock markets, in Mr Rudloff's view.

Lip service by governments to international co-ordination of economic policies had to be turned into reality, if free markets were to survive.

Answering a question after his speech, Mr Rudloff partially exempted Swiss banks from his criticism; they had been less involved in the excesses.

Mr Rudloff's outspokenness has previously upset other Swiss bankers. He acknowledged that his views were not shared by all of them.

●Mr Rainer Gut, chairman of Credit Suisse, yesterday denied market rumours that Mr Rudloff's standing within the bank had been affected by a reallocation of responsibilities between executive directors carried out last year.

Abolition of Swiss stamp duty urged

A REPORT recommending that stamp duties on Swiss securities transactions should be abolished or eased will be submitted in the next few days to the country's Finance Department by an official working party of bankers and Federal tax supervisors, Mr Daniel Kaeser, head of the treasury at the *department, said yesterday,* writes William Dullforce.

It will propose that relief from stamp duty be applied to transactions in shares and Eurobonds – so-called "foreigner-to-foreigner" business conducted through Swiss banks – *and to short-term monetary* instruments.

Swiss bankers have long been demanding the lifting of the stamp duty, which they say is a serious handicap for Switzerland in its role as an international financial centre.

They are likely to have to wait a while before the working *party's recommendations* are acted upon. The report, Mr Kaeser said, would be "incorporated into the great debate" on the updating of the Confederation's fiscal structure.

Parliament will hold a preliminary debate in its June session, *after which the Federal Council* (government) will consult the cantons, the political parties and the "economic associations" before writing a bill.

Mr Kaeser foresaw that a proposition could be put to a national referendum in 1990 or 1991.

Mr Otto Stich, the finance minister, has always said that a compensatory form of tax revenue must be found before the stamp duty, which last year provided the Treasury with some SFr2bn ($1.47bn), can be lifted.

*In contrast to the delay antic*ipated in repealing stamp duty, a statute extending the banking law to finance companies, most of which are owned by foreign banks and financial institutions, could be in force within a year, Mr Kaeser said.

Finance companies – sometimes called para-banks – *which do not accept deposits* from the public can currently underwrite bond issues and effect other securities transactions without being subject to the capital cover and other risk provisions imposed on the banks.

Bank Leu to reorganise Gutzwiller

BANK LEU will reorganise and change the name of Banque Gutzwiller, Kurz, Bungener, its Geneva subsidiary, in order to co-ordinate capital market business more closely, Reuter reports from Zurich.

Mr Hans Knopfli, Bank Leu's chief executive, said that the move meant Gutzwiller would no longer operate outside Switzerland's dominant bank syndicate for issuing foreign bonds. However, no decision had yet been made on whether Gutzwiller would join the syndicate.

Mr Jean-Francois Kurz, Gutzwiller's executive vice-president, resigned from the bank last month after running it for the past 20 years.

John Wicks writes: Net profits of Bank Leu, smallest of Switzerland's five big banks, rose by 9.7 per cent last year to a record SFr61.1m ($44.1m). Unchanged dividends will be proposed despite a capital increase last March.

Mr Knopfli attributed the rise in earnings primarily to an 11.3 per cent rise in interest income and one of 9.1 per cent in stock market commissions. Earnings from foreign exchange and precious metals trading dropped by 29.6 per cent.

Mr Knopfli said the current year would show "weaker" results than 1987. The balance sheet total rose 3.8 per cent to SFr14.71bn last year.

Financing the holding of a packet of Guinness shares had an adverse effect on net interest income, though dividends and the subsequent sale of the shares had added to earnings.

Bank Leu bought some 41m Guinness shares in 1986, and sold them again after British investigations into the group's takeover of Distillers in 1987.

Mr Knopfli said Guinness was negotiating with the bank in connection with a "relatively modest" sum of outstanding interest on a £50m Guinness deposit placed with Leu's Luxembourg subsidiary. This had been retained by Leu, which has claims of its own in connection with legal costs and fees.

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UK COMPANY NEWS

BP to expand in US with £142m offer for Lear

BY STEVEN BUTLER

British Petroleum is moving to expand its downstream natural gas operation in the US with a $250m (£142m) offer to acquire Lear Petroleum, the financially troubled gas distribution company based in Dallas.

The acquisition, if successful, would be BP's biggest expansionary move in the US since BP completed its acquisition of Standard Oil last summer. BP had earlier identified natural gas as a possible area of expansion in the US.

Lear has a natural gas collection and transmission systems in Kansas, Louisiana, Mississippi, Oklahoma, and Texas, but lacks its own reserves. The company was hit last year when several of its customers withheld the transmission of natural gas because of depressed prices, and is in the midst of a complex financial restructuring.

BP produces natural gas in the area, although it has no distribution facilities of its own.

BP is offering $2.65 per share in cash, with the offer conditional on two-thirds of the holders of oustanding Lear preferred stock approving an ammendment to the terms of the stock.

BP is proposing that holders of the preferred shares relinquish their rights to dividends in arrears and allow the stock to be redeemed at $6 per share.

The offer is also conditional on BP being able to purchase at least $100m of Lear's outstanding at an 18 per cent discount. This would be accomplished either through an open market purchase or through a tender offer.

Lear would operate as a separate, wholly owned subsidiary of BP America.

● The KIO said yesterday that it had continued its buying of BP shares and now holds a 18.91 per cent stake in the company. It said it acquired 2m partly-paid shares at 76p each.

The Office of Fair Trading last month said it was considering whether the building of the KIO stake in BP warranted further investigation.

BRITOIL BID NOT TO BE REFERRED

British Petroeum's $2.5bn bid for Britoil, the independent oil company, yesterday passed an important hurdle when the Secretary of State for Trade and Industry announced the decision not to refer the proposed acquisition to the Monopolies and Mergers Commission, writes Steven Butler.

The market reacted strongly to the news, and Britoil's shares rose 18p to close at 496p, just shy of the 500p-per-share offer price.

BP has acquired 54 per cent of Britoil shares, although it does not yet have control over the company due to the Government's special share, which comes into effect during takeover situations.

BP is scheduled to meet with the Treasury today to discuss how the government plans to use the share. A meeting between Britoil and the Treasury took place yesterday afternoon.

Britoil is still advising shareholders not to accept the BP offer, apparently in the hopes of extracting a still better price.

Raymond Snoddy on a busy time for Andrew Lloyd Webber's musical company

Phantom guard for Really Useful profits

EVEN BY show business standards it has been a spectacular few weeks for the Really Useful Group, the company set up to exploit the musical creations of Mr Andrew Lloyd Webber.

First there were the acres of headlines generated by Prince Edward's announcement that he was joining Mr Lloyd Webber's Really Useful Theatre Company as a production assistant.

Then, with more direct relevance for the balance sheet, a production of Starlight Express opened in Sydney in time for the bicentennial celebrations. After a five-week run the production will move on to Brisbane, Melbourne, Adelaide and Perth.

The same production of Starlight, the musical featuring dancers on roller skates imitating trains, had just completed a seven-week season in Japan. It played to capacity audiences of 8,500 a performance and grossed $20m (£11.36m).

But the deafening crescendo of publicity came last week in New York when the barriers went up outside the Majestic Theatre on Broadway to keep back the onlookers as the limousines delivered the audience for the opening night of Phantom of the Opera.

Although there was tartness as well as praise in many of the reviews, this was considerably offset by the standing ovations and record advance bookings of $18m and certainty that Lloyd Webber had produced another hit that will be creating royalties for years.

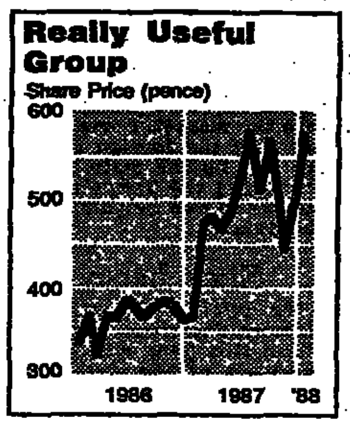
The frenetic activity on stage has been partly reflected by the performance of the Really Useful Group's share price which recently was hovering at 602p compared with the 1987 peak of 617p – as if stock market crashes stop at the floor of the theatre.

"There is a special phenomenon on this stock. It tends to move up ahead of the opening of a major production," explained Mr Jeffrey Harwood, leisure analyst of Phillips and Drew, stockbrokers to the Really Useful Group.

The price rose by 17 per cent in the three-week period before Phantom opened, and almost as soon as the first night party was over, the price starting drifting down, probably because of a mixture of profit-taking and the sharper barbs of Mr Frank Rich, theatre critic of the New York Times.

By yesterday it had slipped to 558p, and is probably still at a premium to the market. The present price compares with the tender price of 330p two years ago when it became the first theatrical production company on the London stock exchange.

In the year to June 1987 the company announced pre-tax profits of £5.75m, a 33 per cent rise, on turnover of £21.71m. This year the rate of profit increase is likely to slow down, with Phillips and Drew forecasting £6.1m - the result of the growing size of the company and the cyclical life of productions.



Rather like the exploitation of North Sea oil fields, the flow of profits from Cats, which has accounted for the largest slice of earnings in the past few years, may be beginning to pass its peak and the main profit stream from Phantom has yet to come. The New York production, which cost $8m to mount, should start paying its way after 54 to 60 weeks.

To Mr Brian Brolly, managing director of the Really Useful Group, the world is still full of opportunities to exploit the life and works of Andrew Lloyd Webber. His ambition is to put together "a fully-fledged communication and creative company"

Cats, based on the T.S. Eliot poems, has been a hit everywhere from Finland and Holland to Japan and Canada and will open in South America next year. Starlight Express is also still rolling out around the world and Mr Brolly would like to see an arena version tour America, possibly financed by Japanese money.

The Phantom of the Opera is just beginning its odyssey. After London and New York, where Mr Brolly believes a five-year run is on the cards, the musical will open in Tokyo in April, Vienna in November and in West Germany in spring 1989.

Mr Lloyd Webber still accounts for 85 per cent of the company's earnings. But Ms Jessica Reif, leisure analyst with New York stockbrokers Arnhold S. Bleichroeder says:" Even if Andrew Lloyd Webber never wrote another note, there would still be increasing earnings for several years."

She approves of the way the company is investing earnings in related activities, although she wishes more shares were available.

Michael Crawford and Sarah Brightman, stars of Phantom of the Opera: advance bookings are a record $18m

So far there have been diversifications into publishing, through the purchase of Aurum Press, a specialist publisher, and a move into electronic information through a stake in Interactive Information Systems, a company involved in the production of interactive video discs. There is also a Really Useful Record Company and a Really Useful Picture Company, which makes television commercials and corporate videos and had billings of £1m in its first year.

Mr Brolly, who was once executive assistant to the director general of RTE, the Irish national broadcasting organisation, is also planning a major move into broadcasting.

Really Useful, together with Red Rose Radio, a Lancashire commercial radio company, intends to apply for one of the national commercial radio licences likely to be on offer from 1990. Mr Brolly is also looking at ways of getting into independent television production following the Government's insistence that independents should have access to 25 per cent of Britain's four national television channels. The company also intends to apply for an ITV franchise when current franchises run out in 1992.

To stockbrokers such as Mr Peter Hilliar, leisure analyst at BZW, the diversification is important. There will always be, he believes, an element of suspicion in the City about a company so dependent on the activities of one man.

"The golden seam could run out, although it doesn't seem to," said Mr Hilliar. Investors and theatre-goers will be able to judge the quality of the golden seam at the end of this year when the Really Useful Group is due to present Mr Lloyd Webber's latest creation, Aspects of Love.

Hodgson buys four more undertakers

By Dominique Jackson

Hodgson Holdings, USM-quoted funeral director, is pursuing its aggressive acquisition policy with the purchase of four undertakers for a total cash consideration of £1.53m.

Mr Howard Hodgson, chairman, said the company was contemplating a return to the City to raise finance for projected larger deals with a rights issue as one possibility.

The latest batch of acquisitions are Hemley Funeral Services of Watford, Taylors Funerals of the Wirral, H H Gray of London and Somerset-based Weston Funeral Services with combined total assets of £176,000.

The acquisitions will add around 1,250 extra funerals annually, taking the Hodgson yearly total to more than 29,000.

The company has made eight purchases in the current year and Mr Hodgson said another 20 were in the pipeline. These were expected to take the total cost of acquistions this year to around £8m. Hodgson is now the UK's second largest funeral director after the Co-op.

Dennis Amiss, former Warwickshire and England cricketer, has just been appointed director of acquisitions, research and public relations, heading a team working on the longer term development of the company.

Arco claims victory in Tricentrol bid tussle

Atlantic Richfield, US oil company, yesterday claimed victory in its recommended bid for Tricentrol, the UK independent oil company currently subject to a rival bid from Elf Aquitaine, the French oil group.

Arco said it had lifted its holding in Tricentrol to 54 per cent, and that its offer of 200p per share would soon be declared unconditional.

Elf said it would allow its 160p-per-share bid to lapse. It said that 160p had been the maximum price it was willing to offer for Tricentrol.

Mr Lodwrick Cook, Arco chairman, yesterday said the group had pushed up its bid to 200p in order to win the endorsement of the Tricentrol board so that the transfer of its operations to Arco could be accomplished in a more orderly manner. The higher bid also made it easier to avoid any possible protracted contest with Elf for control of the company.

Mr Cook confirmed that Arco remained interested in further expanding its asset base in the North Sea, although he said Arco had no specific plans or targets in mind. The Tricentrol acquisition is part of a broader effort by Arco to reduce its 90 per cent dependency on US reserves of oil and gas.

Strong recovery by TSL

BY NIGEL CLARK

TSL Group recovered strongly in the second half returning to the black with a pre-tax profit of £136,000 for the year to the end of October 1987.

However, after extraordinary debits of £402,000 (£67,000 credits) there was a loss for the year of £351,000 against a profit last time of £442,000. Most of the extraordinaries related to the costs of closures in the US and the Cumbernauld factory of TSL Semicon in the second half.

Directors of this Tyne and Wear-based maker of vitreous silica are proposing a return to the dividend lists with a final of 0.73p. The last payment was an interim for 1985/6.

Mr William Wilkinson, chairman, said that TSL was in a position to consolidate the achievements of the second half and to enjoy a period of more sustained growth.

The shares closed at 88p, a gain of 15p on the day.

After first half losses of £502,000 the company reported pre-tax profits of £638,000 (£508,000) for the second six months to leave the full-year figure at £136,000, against £577,000 last time.

Turnover for the year fell from £19.35m to £18.7m. Earnings per share came out at 0.53p (3.96p).

Mr Derek Foord, finance director, said most of the improvement was achieved in the UK. It was the result of management changes, the concentration on profitable activities and reduction in costs.

For the future Mr Wilkinson said that the semiconductor industry was showing signs of an upturn. He added that trading for the first quarter of the present year had been encouraging, whereas the comparable period last year had seen substantial losses.

C H Bailey in six-fold profit jump halfway

By David Waller

C H Bailey, the controversial ship repairer and portfolio investor, yesterday reported a near six-fold increase in pre-tax profits to £661,000 for the 28 weeks to October 9. This was achieved on turnover down £316,000 to £3.29m.

No breakdown of the profits was available, nor would Mr Christopher Bailey, the chairman, make any comment on the figures. However the company said that profits in the first half were made principally from the sale of investments.

The company said that it would report a profit in the second half, despite having to make substantial provisions for the effect of the stock-market crash on its investment portfolio.

The company paid no tax, and – in accordance with its standard practice – is paying no dividend. Its share of losses of associated companies was £23,000 (£54,000) meaning that the attributable profit was £638,000 (£65,000) and earnings per share worked out at 1.06p (0.11p).

Recovering Aaronson hits £5.58m

BY ANDREW HILL

Aaronson Brothers, manufacturer of chipboard and plastic fittings, nearly trebled pre-tax profits to £5.58m for the year to September 30 1987, compared with £1.92m for 1985/6.

The company has recovered from the adverse effects of high UK timber prices and a strong pound which resulted in a 43 per cent downturn in pre-tax profits in 1986.

Turnover was up by 21 per cent to £107m (£88.5m) and earnings per share more than trebled to 12.23p (3.7p), helped by a tax rate down from around 29 per cent to 19 per cent.

The figures included an extraordinary debit of £1.21m. Part of the item related to the closure of a discontinued product line and the rest – about £1m – was a provision against short-term losses at a veneer factory being set up in Nigeria. Aaronson owns around 11.25 per cent of the plant.

Plastic products, which include bathroom fittings and accessories, contributed record profits and turnover and the retail products division recorded improved results for the year, although the figures of the group's subsidiary in the Irish Republic were unsatisfactory, due to difficult trading conditions.

Distribution had another disappointing year, because most of the major DIY stores were now supplied direct from Aaronson's factories. The group has not ruled out the possibility of selling the division to a friendly buyer who would continue to buy company products.

The directors propose a final dividend of 3.75p (3p) making a total of 5.45p (4.2p) for the year. The company has changed its accounting policy to give a fairer presentation of currency gains and losses. The figures for 1985/6 were adjusted to allow comparison on a like-to-like basis.

● comment

A company that supplies mainly to the no-nonsense DIY fraternity doesn't really need to change its image, but Aaronson's directors say they are becoming more and more fashion-conscious. Their shelves are now available in pink and blue as well as the usual whites and greys, their bathroom products now range from shower cubicles to toothbrush holders. This diversification is more than just a veneer, however. It reduces the company's vulnerability to currency fluctuations, which don't always favour Aaronson as much as they did last year. New machinery in the retail and industrial product divisions was installed towards the end of the financial year and the rationalisation of the three manufacturing divisions is now complete. That should help increase the group's low profit margins – currently around 5 per cent, despite price increases last year – and benefit this year's figures. But the City is cautious about the current year, given Aaronson's chequered recent history and the prospect of a rising tax charge. Forecasts of pre-tax profits of around £8m, put the shares, down 8p to 117p, on a prospective p/e of about 7.

Grand Central buys

Grand Central Investment Holdings, international food manufacturing and and plantations group with operations in the UK, Malaysia and Australia, has agreed to acquire a 60 per cent equity interest in Heng's Food and Beverage Industries, for about S$420,000 (£120,000) in cash.

The purchase price for the Singapore-based food manufacturing and packaging company represents a price-earning multiple of less than five times on the warranted profits for the year to December 31 1987.

Woolworth has 71.8% of Tip Top

By Andrew Hill

Woolworth Holdings, the retail group, announced yesterday that its offer to buy Tip Top Drugstores had become unconditional.

By 11.30am on February 3 valid acceptances of the offer had been received representing 71.83 per cent of the shares. This included 71.4 per cent pledged at the time of the offer two weeks ago by the directors of the company and their families.

Woolworth may apply to acquire the outstanding Tip Top shares compulsorily.

Holders of only 0.27 per cent of the ordinary shares accepted the cash offer, the rest taking the alternative of convertible unsecured loan stock.

J Rothschild buy-in

J Rothschild Holdings, investment group, has bought a further 250,000 of its ordinary shares, as part of a long-term buying in programme. The issued share capital will now be 289m shares.

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UK COMPANY NEWS

Drayton Japan in split level move

BY NIKKI TAIT

Drayton Japan, the £250m investment trust in which New Jersey-based **AJS Partners** has built up a 27 per cent stake, yesterday proposed turning itself into a split level trust in an effort to reduce substantially the difference between the trust's share price and its underlying net assets.

Drayton Japan, part of the MIM stable of trusts and chaired by Lord Stevens, was widely expected to produce some discount-erasing scheme in response to agitation from the AJS camp.

AJS emerged with a disclosable holding in the MIM trust last November and initially suggested making a recommended offer. When that was turned down by the DJ board, the US partnership added to its holding and, in December, requisitioned an extraordinary meeting at which it hoped to prod the trust management into discount-eliminating action. The date of the meeting has already been set for March 2.

Yesterday, Drayton Japan's management said it had considered a number of options for the future of the trust, including liquidation, and unitisation. But pointing to the relative success of recent similar "split level" reconstructions, they claim that this represents the best option.

Yesterday, only the outlines of the planned reconstruction were available; full documents are due to be issued next week.

Broadly, the plan is to fix a 10-year life on the trust and then offer shareholders three types of new shares – in roughly equal proportions – in exchange for their existing single class shares. These comprise:

- Preferred capital shares, which will be entitled to a fixed capital return on winding-up – effectively a zero-dividend share.
- Dividend shares, which will be entitled to all the net revenue of the company, with quarterly pay-outs. Unlike most other split-level income shares, there will be virtually no capital entitlement.
- Capital growth shares, which enjoy all the surplus capital increase which the management achieves once the dividend and preferred capital shares' entitlements have been satified.
- Warrants, entitling holders to subscribe for one capital growth share at any time prior to the winding-up date of the company.

Lord Stevens: investment policy to be radically changed

As usual, the proposals envisage offering shareholders a "mix and match" selection, and existing preference stock would be repaid at par.

The investment policy of the trust will be radically changed – switching from the predominant Japanese holdings to a "strong UK bias".

Yesterday's announcement follows meetings between major shareholders – including the AJS camp – and Drayton Japan. According to AJS' advisers, Kleinwort Benson, the proposals are still being studied, and Mr Andrew Shechtel, AJS' managing general partner, is currently in London.

Since implementing a reconstruction would require approval from 75 per cent of DJ's voting shareholders, AJS would be able to block any scheme it disliked. MIM itself, however, has countered by acquiring just over 25 per cent of the trust's votes, and is in a similar position.

Market fall hits Framlington

THE STOCK market crash last October hit the interim results of **Framlington Group**, where for the half year ended December 31 pre-tax profits fell from £2.7m to £2.27m.

The result includes a loss incurred on the launch of Framlington Smaller Companies Trust. Although the fund took £6.1m on its launch, that fell far short of expectations and was insufficient to cover the substantial marketing costs involved, the directors said.

Results also reflect realised losses on the £2m unit trust stocks held at the time of the crash.

The interim dividend is being maintained, however, at 1p. The 25p shares were subdivided into 5p shares last October.

Although management fees were high during the first half of the period, they reduced sharply during the second quarter in line with the lower value of funds under management, directors said. At end-December total funds under management were £1.55bn (£1.5bn).

Turnover for the group, an investment holding company which is mainly involved in unit trust administration and investment management, improved by 12 per cent to £58.92m (£52.58m).

Gross profits rose by £2m to £7.98m but operating profits came through lower at £1.89m (£2.32m). The pre-tax result was struck after an increase in investment and other income from £434,000 to £540,000, and higher interest payable of £163,000 (£51,000).

Tax took less at £798,000 (£1.02m) and after minorities of £20,000 (£4,000) earnings per share fell from 5.5p to 4.4p basic, and fully diluted, to 4p (5.4p).

● comment

Framlington yesterday enjoyed the dubious distinction of being the first company in its sector to report figures for a period straddling Black Monday. One of the more aggressive fund managers, it is hardly surprising that the crash hit it badly, and a near-halving in its share price from its pre-crash peak reflects less than refulgent trading prospects. For a start, income from non-retail fund management is directly tied to portfolio values and in a bear market a greater proportion of the commission generated from unit trusts will have to be ceded to intermediaries, given that advertising campaigns pitched directly at the investor become prohibitively expensive. Hence brokers expect Framlington to make but £4.25m in the full year, against £6.47m last year. Down 8p to 140p yesterday, the shares are on a prospective p/e of 20. This would appear absurdly high, but is explained by the market's belief that Credit Commercial de France's "loose" 24 per cent stake is tempting generous offers from would-be buyers.

Reckitt pulls out of wine

By Lisa Wood

Reckitt & Colman, the international food, drugs and toiletries group, has sold its Australian wine operation to a local management buyout group for A$39.6m (£15.9m).

The sale is the last of Reckitt's wine operations. It is part of a rationalisation programme intended to lead to a concentration on the group's core businesses.

Last week Reckitt sold its UK wine business, whose brands include Veuve du Vernay and Moussec, to Hedges & Butler, the Bass subsidiary for an undisclosed sum. Other wine businesses in the US and Canada have also been sold.

Reckitt's Australian wine operation, called G. Gramp and Sons, trades under the brand name of Orlando Wines and was bought in 1970. With annual sales in 1987 of A$97.7m and profit before tax of A$29.6m it is one of Australia's big four wine companies, along with Penfolds, Lindemans and Hardy's.

The disposal is to a consortium led by Mr Chris Roberts, previously a director of Reckitt and Colman Australia and hitherto managing director of its Australian household products division.

The terms of the disposal are A$18.4m for the share capital of G. Gramp and the settlement of the interest free intra-group loan of A$21.2m. After deduction of total debt of A$29.6m, including third party debt of A$8.4m the value of the net assets sold are estimated at A$16.2m.

The buyout is receiving financial backing from the South Australian state government and is significant domestically because it returns Orlando to South Australian control.

Scottish Heritable expands in US

Scottish Heritable, the industrial conglomerate which owns Standard Fireworks, is expanding its oriental rug business with the acquisition of Kouri's Inc, an oriental rug renovator and carpet washer based in Poughkeepsie, New York.

Total consideration for the acquisition is $1.45m (£823,000) subject to warranted profits of $290,000 for 1988, compared with $550,000 achieved in 1987. The company says the acquisition will enhance the position of Eastern Kayam O.C.M., a Scottish Heritable subsidiary, as one of the world's leading distributors of oriental carpets.

St Paul declares £400m Minet bid unconditional

BY NICK BUNKER

MINNESOTA-BASED **St Paul Companies**, the US property/casualty insurance group, said it had completed for the time being its construction of an insurance broking network, after declaring unconditional yesterday its bid for Lloyd's broker **Minet Holdings**.

St Paul made an agreed 475p per share cash bid valuing Minet at about £400m on December 10.

Mr Douglas Leatherdale, a St Paul executive vice-president, said the group now owned 26 per cent of Minet's shares and had acceptances of the offer in respect of another 38 per cent.

That includes the 29.9 per cent stake owned by New York-based Corroon & Black, another insurance broker, Mr Leatherdale said. Corroon has agreed to tender its shares to St Paul.

Yesterday's announcement followed news on Wednesday that both the Department of Trade and Industry and the ruling Council of Lloyd's of London, the insurance market, had cleared the proposed acquisition.

Mr Leatherdale said that while St Paul had no immediate broking acquistion plans, it "would expect the Minet organisation to grow. We have pledged them financial support to do that profitably."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Aaronson Bros ......fin	3.75	Apr 7	3	5.45	4.2
Drayton Japan ......fin	4.2	–	1.06	4.2	1.06
Framlington ......int	1	Mar 16	1	-	2.8
Mid Wynd Int ......int	1.3	-	1.2	-	2.9
TSL ......fin	0.73	Apr 1	–	0.73	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

Britannia purchase

Britannia Security Group, business services company is to buy the business of Cowie Fire Safety and Security from the Cowie Group for £2.7m in cash.

In 1987 Cowie Fire made pre-tax profits of £101,000; net tangible assets amount to £1.54m.

Debut set for mining group

Broker Smith New Court, in association with Noble and Co, has placed 10m ordinary shares in a new UK mining finance company, **Waverley Mining Finance**, at 80p a share.

Each unit of five shares will qualify for a warrant to subscribe for one additional share at 80p up to 1993.

London Stock Exchange dealings in the new company, which is backed by the Edinburgh-based Waverley Asset Management investment concern, are expected to begin next Monday.

The new company aims to achieve capital growth from a closed-end portfolio of investments mainly in gold mining companies.

Phoenix Properties shares suspended

Trading in shares of **Phoenix Properties and Finance** were temporarily suspended early yesterday pending an announcement by the company.

No one at the property dealing and management group was available to comment on the suspension.

Blue Circle/Birmid

Blue Circle yesterday bought 1.5 per cent of Birmid Qualcast, taking its stake to 37.5 per cent.

Blue Circle now owns or has received acceptances from holders of 38.3 per cent of Birmid, which is fighting its £275m bid.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Clogau Gold Mines, Kalamazoo, Portsmouth and Sunderland Newspapers.

FUTURE DATES

Finals-

Baillie Gifford Shin	
Nippon	Feb 26
Kennedy Brookes	Feb 11
Newage Transmissions	Feb 23
Shaftesbury	Feb 15
Tribune Investment Trust	Feb 18

A mandate to manoeuvre in any direction

Peter Scott, a man of robust views, explains to Andrew Baxter why his understanding of technology and tenacity of execution led him to take on the challenge of running Emhart

INSIDE EDGE

THREE DAYS after the Black Monday stock-market crash, a somewhat chastened group of City analysts gathered in a Kleinwort Benson banqueting suite. This was going to be a tough audience.

The thought of addressing such a gathering, let alone encouraging them to buy shares at such a time, would be enough to turn the average US chief executive's grey hair prematurely white.

Even Peter Scott, chairman and chief executive of Emhart, admitted that he had considered postponing his visit. But that would have been out of character for a man who relishes doling out a few home truths from behind a genial countenance. Some of the pithiest are collected by the ever-efficient Emhart publicity machine and repackaged in a handy booklet:

- On managers: "There are basically three kinds of managers: those who come to work and wonder what's happening; those who come to work to watch things happen; and those who come to work to make things happen."
- On technology: "The real problem is not whether machines think, but whether men do."
- And on short-termism: "I know all about the tyranny of quarterly results – artificially imposed by the same professional money managers who urge that we embrace technology and rebuild all our plants – tomorrow."

Scott, 60, was in London some two years after a surprising career switch which brought him to the chairman's office at Farmington, Connecticut, headquarters of Emhart's $2.3bn worldwide consumer and industrial products empire.

A Yale-educated electrical engineer, he had founded two successful electronics businesses before a spell with an NCR subsidiary. Then came eight years at Harry Gray's United Technologies, where his responsibilities included semiconductors and microelectronics technology research.

Like some other UT executives, he was seen as a possible successor to the feisty Gray, but eventually left amicably in 1983 to set up a private technology venture capital group, believing then that his career with public companies was over.

The directors at Emhart, meanwhile, were worried men. True, their company was not in any danger but growth had been sluggish - tracking but not exceeding the expansion of US GNP. Breaking out of this pattern, they concluded, could not be achieved with the existing product mix, and its heavy reliance on struggling industrial equipment markets suggested problems ahead.

The problem was to find a chief executive with the understanding of technology required for such a change of emphasis, combined with the tenacity to see it through. The board thought Scott was the man for the job. Scott decided it might be a lot of fun and took up the challenge in December 1985.

He spent his first eight months visiting Emhart plants worldwide in an attempt to grasp its strengths and weaknesses. Given its enormous product range at the time – everything from True Temper golf shafts and Bostik sealants to machine tools and shoemaking equipment – this was an understandably difficult task.

The result of Scott's tour was a series of decisions on "things we had to do first before going for growth." Coupled with this, Emhart for the first time publicly stated its aims and targets. "You've got to step out and say this is what we think we can do, and then set about doing it," he says.

The nub of the first stage of Scott's plan was a restructuring programme, now all but complete, involving the disposal of 18 business units with revenues of $265m but annual operating profits of just $3m.

At the same time, a series of acquisitions was planned, both to expand the higher growth consumer products side and establish a strong position in computer services.

Last month Emhart made its largest bid so far, a $600m hostile offer for the Stanadyne plumbing and vehicle parts group, also of Connecticut. Scott saw this as an important step towards achieving his target of $3.6bn in revenues by 1990, but Stanadyne had other ideas, agreeing this week to a $800m bid from Forstmann Little, the US investment group.

As important have been the changes within those parts of the company that remained. With no allegiance to any one of what was then five somewhat disparate industrial segments, and backed by the board's desire for him to take the company in whatever direction he saw fit to achieve higher growth, he had considerable freedom of movement.

"I'm new to the company. I can do what I damn want," he says, although he quickly denies being ruthless. Even so, some 1,500 out of 30,000 jobs will have been cut by the end of the current quarter, excluding the businesses being sold.

For the employees that remain, Scott has laid down three-year financial objectives linked to growth targets, and for the first time at Emhart tied a significant portion of senior management's pay to attainment of the objectives. "I consider a business plan to be a contract, and the only breach to it is force majeure," he says.

The aim is to foster a sense of entrepreneurialism, often difficult in a large, amorphous company. "Put in front of them that growth is a matter of personal gain and it becomes exciting for them."

As part of this process the corporate structure has been slimmed down to three segments, industrial, consumer and IES (information and electronic systems). The aim is to make the company more understandable, both to employees and Wall Street, but also to reduce bureaucracy. "I have never felt that the organisation chart is an important part of business – and I won't put up with memos," he says.

Capturing Stanadyne would essentially have completed Emhart's acquisition programme in the short-term, and the search for a big acquisition in consumer products may have to begin afresh.

Scott's most ambitious move, however, has been the creation of the IES division, based around Planning Research Corporation, a computer and technical services concern bought in 1986 for $210m, and Advanced Technology, another computer services group bought for $140m in a deal completed this month.

The new "third leg" will report directly to Scott, and he will inevitably be identified with its success or otherwise. But he has never had any doubts about the need for US industry to take such risks: "Our problems, basically, stem from our myopia about technology . . .our fear of taking risks . . .of diversifying. We're comfortable – too comfortable – in the sanctuary of the status quo . . .and then it's too late."

Working relationships

Miracles take a little longer

Michael Skapinker on what managers and secretaries expect from each other

"SHE'S A nanny, mentor, bully, chief executive officer."

The words did not come from one of Margaret Thatcher's awe-struck ministers. They came from a manager in a large international organisation. He was talking about his secretary.

Another manager recalled that he once had a secretary who frightened him so much that he would drive up and down the motorway rather than return to his office.

The managers were speaking at a seminar in Cambridge last week at which bosses and their secretaries talked about their often fraught relationship.

Seven secretaries, all women, attended the seminar, which was organised by Employment Relations, a Cambridge-based management consultancy attached to accountants Arthur Young. The secretaries were accompanied by their managers. The organisations represented included manufacturing companies, a building society and a firm of accountants.

The manager/secretary relationship is an intensely personal one, Elaine Fear, a director of Employment Relations, told the seminar.

She added that although much time has been spent examining ways of managing organisations more effectively, little thought has been given to the way companies can make the most of their secretaries.

Fear began by dividing the seminar into two groups, one of secretaries and one of managers, to discuss some of the problems that they have with one another.

The secretaries began by complaining that their managers expected them to perform miracles on their word processors and other hi-tech machines. They thought managers should have some training on the equipment themselves so that they became aware of what the machines could and could not do.

Another, more fundamental, complaint was that managers did not explain what they wanted from their secretaries. Some of them thought that a written description of the secretary's job would help. All of them thought that a departing secretary was the best person to write a job description for her successor.

The managers, in their own group, seemed to appreciate how important their secretaries were to them. "I notice that when my secretary goes on holiday and I get a lousy stand-in my output and effectiveness goes down by 40 per cent," one manager said.

Others, however, mentioned a few practical difficulties. One manager recalled a secretary he once had whose devotion to routine conflicted with his own need to act flexibly.

"She loved getting dictation in the morning, so that she could produce letters for the 4 o'clock post. But I had to react to what my clients wanted. If they wanted a meeting at 8 or 9 o'clock in the morning, that's when I had to go," he said.

Others appreciated, however, that their flexibility made life difficult for their secretaries. "It's very hard for them to establish priorities if you come back during the day and keep changing those priorities," one manager said.

The managers had no doubt what their major criticism of secretaries was. "It's the passivity," they said. The lack of ambition. They were frustrated by how few secretaries seemed interested in becoming anything else.

"It's a great sense of relief when you find someone who's prepared to take responsibility – who's not a secretary but an assistant manager," one manager said.

The managers who came to the seminar were, as Elaine Fear pointed out, a self-selected group. Their presence indicated that they took their secretaries seriously. How many other managers were keen for their secretaries to go on to better things was a point about which they could only speculate. Fear argued that many secretaries were bored and frustrated precisely because their bosses refused to entrust them with greater responsibility.

When they rejoined the secretaries for a joint discussion, the managers pressed their point. Why were the secretaries reluctant to take on more challenging tasks?

Jane Turner, who helped Elaine Fear lead the seminar, emerged as a stern proponent of the view that secretaries should know their place. Turner, herself a secretary of 25 years' standing, said, "we have to accept that, in the hierarchy, the manager is higher than the secretary. One has to accept that the secretary is there to work for the manager. The manager, I'm afraid, is the boss."

Secretaries, she continued, do not always have the time to worry about whether they should be fulfilling a more demanding role. "Within the secretary's job there are a lot of nitty-gritty routine things that have to be done that the manager doesn't even know about," she said.

The secretaries themselves seemed reluctant to say what they felt, although one did say that "there is a fear that if you show too much ambition people are going to think you're pushy."

"What's wrong with being pushy?" one of the managers protested. "If you're going forward, so is the whole boat. You keep on thinking that being a secretary is a humble role. It's not. I've lived under this one for six years," he said, referring to his own secretary. "The more powerful she becomes the more valuable she becomes to me."

The seminar was the first that Employment Relations has organised on managers and secretaries and there are some obvious improvements that need to be made. It would have helped if the co-ordinators had started by asking the participants what they hoped to get out of the seminar.

The co-ordinators themselves did far too much of the talking. The secretaries, in particular, sometimes found it difficult to get a word in.

But all the participants seemed relieved that some of the issues that had troubled them had been brought out into the open. Several said they thought the process of proper communication would begin during the journey back to the office.

SEVERAL ideas on how to produce happier managers and secretaries emerged from the seminar:

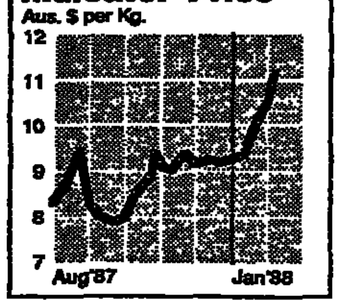
- **The manager should attempt to define his or her own role within the organisation and then explain it to the secretary.**
- **The manager and secretary should discuss which of the manager's duties can be delegated to the secretary.**
- **The manager and the secretary should, together, draw up an inventory of the secretary's skills. Both might discover that the secretary has more skills than previously suspected.**
- **Both manager and secretary should spend a few minutes, if possible every day, discussing the other's programme and priorities.**
- **Both sides should attempt to lay down some rules in an attempt to head off any unnecessary resentment. Is the secretary expected to make coffee for the manager? To what extent can the manager ask the secretary to carry out personal tasks?**
- **Managers should have regular reviews with their secretaries during which they discuss their progress as a team.**

COMMODITIES AND AGRICULTURE

Wool price surge raises fears of overheating

BY ALICE RAWSTHORNE IN MELBOURNE

Australian Wool Corporation indicator Price
Aus. $ per Kg.



AFTER WEEKS of rapidly rising wool prices, growers and traders in Australia are now bracing themselves for a downturn in the wool market. The consensus is that at some stage the market will falter: the only questions are how far prices will fall, and when.

This week saw the emergence of the first tangible evidence that wool users may be reacting to high prices. On Wednesday a Chinese delegation cut short its buying trip to Australia because, it complained, the wool price was too high. Among Australian growers and dealers the Chinese withdrawal has fuelled fears that the long-awaited downturn in the market may be imminent.

To many such a fall, provided that it is not too dramatic, will not be entirely unwelcome. The rapidity of the recent price rise has been viewed with increasing alarm and has raised new questions about the ability of the wool industry to cope with an overheated market.

As Mr Jim Young, general manager of the Australian Wool Corporation, which represents the growers, puts it: "Prices have gone too far, too fast. There will certainly be a reaction; my guess is that it will come in the next week or so."

The rise in the wool price began just over a year ago. It was fuelled by the combination of increased demand from established markets in Europe, a resurgence of interest from the US and Japan and the emergence of a new market in China.

As a result the price of Australian wool – which provides 70 per cent of the world's apparel wool - rose rapidly last year. The market faltered in late summer, but regained momentum in the autumn.

The price of Australian wool has risen by around 40 per cent since early 1987. The rate of increase among finer wools – almost all of which come from Australia – has been even higher and in recent weeks the market has risen even faster.

Since the start of the year prices have advanced by 20 per cent and on Wednesday – fuelled by speculation about purchases by the Chinese delegation – the market sustained one of its biggest ever increases in a single day, rising by about 5 per cent. When the market closed yesterday the market indicator had risen to 1117.

Having pocketed their profits from the initial price rise, the Australian wool growers now view the volatile state of the market with alarm.

Since the early 1970s, when wool lost market share to synthetics and the wool price plummeted, the growers have invested heavily in marketing and research to rebuild their businesses. So far the effects of the increase in prices have been mitigated – to users in Europe and Japan at least – by the relative weakness of the Australian dollar. Similarly the fashion for lighter cloths has enabled textile mills to reduce their use of expensive fine wools. But growers are now concerned that wool users may, like the Chinese, be frightened off by the rapidity of the recent price rise. If this occurs they could substitute synthetics or blends for wool.

If users are deterred from buying wool then demand may dwindle, the price could fall and in the worst scenario the wool growers – who have recently been struggling to increase supplies – will find themselves lumbered with a lacklustre market.

One of the principal problems for the wool industry in recent weeks has been that there was very little it could do to prevent the market from overheating. The AWC has a series of mechanisms to cope with the problems posed by a falling wool price – a common situation in the past – but it can do little to prevent the price from rising.

The AWC's only solution has been to release on to the market the reserves of wool it bought to prevent the price falling below a minimum level in the past when times were tough. But these reserves are now almost exhausted.

For the longer term, however, it has begun informal discussions to consider new measures it could adopt to prevent such problems recurring in the future.

In the meantime it can only leave the market to its own devices. Opinions are mixed as to the prospects for the wool price – some traders fear a slump while others believe that although the departure of the Chinese could sap confidence in the short term increased demand from the Far East, especially from Japan, will maintain the market even if the Europeans and Americans turn from wool to cheaper fibres.

Dominican nickel dispute continues

By Kenneth Gooding, Mining Correspondent

THE DISPUTE holding up shipments of ferro-nickel from the Dominican Republic, which accounts for about 5 per cent of the Western world's nickel output, is far from over.

This became clear yesterday when Falconbridge, the Canadian mining group, indicated it had no idea when the next shipments would be permitted to leave. "That is up to the Dominican Government," said a Falconbridge official.

"So far there has been no long-term solution to the dispute. We are still negotiating. We are still producing nickel."

Two shipments from Falconbridge Dominicana, 85 per cent owned by the Canadian group, were allowed to leave on Sunday. For commercial reasons Falconbridge is not giving details of the size of the loads or the destinations.

However, Falconbridge revealed in December that its argument over export duties with the Dominican government had stopped the shipment of 1.8m lbs (about 817 tonnes) of ferro-nickel bound for Europe.

The dispute between Falconbridge and the Dominican Republic flared up in December and, coming at a time when the metal was in very short supply, helped push the price of nickel on the London Metal Exchange above $4 a lb for the first time just before Christmas.

Demand, particularly from stainless steel producers, has remained strong, stocks are very low and the price is relatively high – the closing cash price in London last night was $3.67 a lb, up from $3.51.

The London Metal Exchange yesterday reflected news of Sunday's shipments from the Dominican Republic when the price of nickel for delivery in three-months fell by $56 to $7,757 a tonne.

In contrast, the cash price rose by $45 to $8,100 a tonne, widening the premium over the three-month price (backwardation) by $101 to $343.

Last month Falconbridge said it would negotiate with the Dominican Government about possible revisions to the agreement relating to its ferro-nickel operations in the republic.

It also agreed to make a prepayment of 10m pesos (about $2m) to be applied against what it called "future taxes". But Falconbridge insisted: "We are still not going to pay any duty." The company complained that the export duties demanded by the Dominican Government were "prohibitive".

The Falconbridge official said yesterday the company hoped negotiations would be completed soon. "But we said that on December 17 and we kept producing nickel. We have been negotiating since then but we haven't much to show for it."

European Court rules against Britain in milk import case

BY TIM DICKSON IN BRUSSELS

FRESH MILK from Ireland and France could soon be appearing on supermarket shelves in Britain following an important judgement delivered yesterday by the European Court of Justice in Luxembourg.

The Court's ruling overturns a long-standing UK ban on pasteurised milk and unfrozen pasteurised cream from other member states of the European Community and upholds the European Commission's view that the prohibition was a barrier to free trade under Article 30 of the Treaty of Rome.

The effects of the decision are difficult to gauge because the ban would in any case have been overtaken next year by an EC directive dealing with health and animal health requirements for heat treated milk traded across frontiers.

While the scope for large movements of a perishable product which in some parts of the EC is in short supply as a result of milk quotas would appear to be limited, experts in Brussels believe that Irish dairies may be poised to take advantage of the land border with Northern Ireland and that Normandy farmers could see new sales possibilities across the English channel.

During the Court hearing Britain sought to justify the import ban on health grounds and argued that it was entitled to lay down appropriate standards to guarantee the protection of consumers.

The Commission, however, maintained that a total prohibition was "disproportionate" in relation to these objectives: that the UK had not shown why the legislation of other member states was inadequate and that tests could have been carried out to show that imported milk complied with its standards. The Brussels authorities further suggested that it was excessive to prohibit milk which already satisfied the rules laid down in the forthcoming directive on health requirements.

In upholding the Commission's case the Court said that it was up to the UK to establish a system enabling importers to prove that their products comply with national standards. The UK was ordered to pay the costs.

Israel blocking Gaza fruit

BY ANDREW WHITLEY IN GAZA

THE SHIPMENT of eight cases of Gazan oranges to Brussels – a gift to Mr Claude Cheysson, the European Commissioner for Mediterranean Policy – has been blocked by the Israeli authorities for the past two weeks, in defiance of a written agreement with the European Community topermit the direct export of agriculturalproduce from the occupied Arab territories.

The consignment forms part of a larger shipment of 300 tonnes of oranges for which the Shurab company of Gaza has, sofar unsuccessfully, applied for an export licence. A separate test shipment to the EC, of aubergines from the West Bank, has similarly encountered bureaucratic obstruction.

Israel's behaviour on an issue in which the European Commission and individual member governments, notably the UK, have invested considerable prestige is unlikely to augur well for the planned ratification by the EuropeanParliament of a new agricultural trade protocol. Officials are already furious over what is regarded in Brussels as blatant foot-dragging.

The European Parliament decided last month to postpone endorsing the treaty in protest at Israel's rough handling ofthe unrest in the occupied territories, provoking cries of "blackmail" by Prime Minister Yitzhak Shamir. The repeated delays in implementing a draft agreement originally concluded 18 months ago have already cost Israeli farmers and flower growers several million dollars in lost revenue.

The issue could come up again in Strasbourg as early as next week, when the Parliament resumes sitting. But the mood of MEPs may, if anything, have hardened against Israel in the weeks since the treaty was last considered.

The Gazan citrus industry has declined sadly over the past two decades, since the Strip was captured by Israel from Egypt. Severe marketing restrictions imposed by both Israel and Jordan, the two established outlets, together with alack of investment have led to a steady uprooting of citrus groves. But the industry, particularly the orange sector, remains a mainstay of the local economy and could flourish again, given good prices and a reliable external market such as that potentially provided by the Community.

For Israel, though, the possibility of direct competition from its lower cost neighbour – even though Gazan oranges are of inferior quality – has always been bitterly opposed.

In a rerun of a series of unsuccessful challenges Gazan agricultural producers mounted a year ago against Israeli export policies, the Shurab family attempted last month to send a consignment of 50 cases of oranges to a customer in the Netherlands as well as the present for Mr Cheysson. If they had been allowed to go through without hindrance, it would have been the first fruit of the understanding reached in mid-December, after much controversy, between Israel and the EC. But an Israeli freight forwarder refusedto transport the oranges to their exportpoints – Ashdod port and Ben Gurion international airport.

Sugar rallies after hitting 6-week lows

By David Blackwell

VOLATILE TRADING in the London raw sugar market yesterday saw prices recover from six-week lows in the afternoon following an early rally in New York.

The fundamentals which took prices to more than $230 a tonne at the end of January now appear to be coming under reassessment, dealers said. "It is not as tight or run-down as seemed likely a few weeks ago," one commented. "The situation is very fluid."

The price of the May contract, which closed at $196 a tonne on Wednesday, touched $190 a tonne yesterday afternoon.

Yesterday the US Department of Agriculture raised its projections for Soviet sugar production by 8 per cent to 9m tonnes, making it less likely to be such an active purchaser in the market.

On Tuesday F.O. Licht, the West German sugar statistics group, put Soviet production at 9.7m tonnes for 1987/88, well up on the previous year's output of 8.7m tonnes.

In addition other physical buyers have not appeared on the scene. India in particular has failed to materialise as a buyer of white sugar, as has been widely expected.

Cocoa market down again

BY DAVID BLACKWELL

COCOA PRICES, which have fallen steadily since the International Cocoa Organisation (ICCO) started buying for its buffer stock on January 19, declined sharply again in London yesterday.

The price of the second position futures contract closed down £22 at £1,072 a tonne. On January 19 it was £1,181

The buffer stock manager's purchase yesterday of 3,000 tonnes of cocoa takes his current holding to 198,000 tonnes – an increase of 23,000 tonnes since the ICCO agreed on the rules under which he was able to re-enter the market last month for the first time since June 1987.

Analysts believe his comparatively slow buying rate has enabled prices to continue their decline. The buffer stock is allowed to take up to 5,000 tonnes a day or 20,000 tonnes a week off the market. But the most the manager has bought in one day has been 4,000 tonnes – and on Monday he bought only a 1,000 tonne tranche.

"He's fighting a losing battle, buying in such small quantities," said one analyst yesterday.

Overhanging the market is a huge world surplus of cocoa – on January 25 the ICCO raised its estimate of for the 1987/88 surplus to 93,000 tonnes from a previous estimate of 36,000 tonnes.

In addition market forces are pushing countries of origin which have not sold any cocoa for months back into the market. The Ivory Coast alone is believed to have sold 50,000 tonnes towards the end of last month. However, once the buffer stock reaches 200,000 tonnes, or 80 per cent of the maximum 250,000 tonnes the ICCO will hold a special session to discuss the implementation of a withholding scheme designed to take a further 120,000 tonnes of cocoa off the market.

Rubber price falls below pact ceiling

BY WONG SULONG IN KUALA LUMPUR

THE PRICE of natural rubber has fallen below the International Natural Rubber Organisation's "must sell" level of 242 Malaysian/Singapore cents a kg following substantial sales in recent weeks by the oranisation's buffer stock manager.

The price breached the must sell level for the first time early last month, and reached a high of 248 cents in mid-January. It has fallen back to around 241 cents this week.

Producers are taking the decline in their stride, however, saying it is largely due to buffer stock sales, and that the underlying fundamentals remain strong.

Since he started selling last September, the bsm is believed to have unloaded about 130,000 tonnes from his 370,000 tonne stockpile.

"I am not too worried about the price falling below the must sell level. Demand for natural rubber still very strong," said Datuk Ahmad Sabki Jahidin, chairman of the Malaysian Rubber Exchange.

"I have met buyers from Europe and Japan and they said that tyre production in their countries is not declining. Tyre production for domestic consumption in Japan rose 10 per cent in 1987, and with their improving economy and strong yen, we can expect an increase in Japanese demand."

He said the market was also expecting the Soviet Union to make substantial purchases in the coming weeks.

Malaysian producers say production is currently at its peak, but wintering is expected to set in by late February, sharply reducing output

Exporters 'propping up juice prices'

ORANGE JUICE traders in Sao Paolo suspect that some exporters are acting in concert to prop up the world price, writes our Sao Paulo correspondent.

Market forces have increased prices, partly because of two successive crop failures in Brazil, the world's largest exporter of frozen juice concentrate. Prices increased to $1,670 a tonne at the end of January from an average of $1,110 a tonne last year. But they weakened slightly this week and traders said that three exporting companies were acting together in a support operation.

The companies control 80 per cent of Brazil's juice exports, which last year fell by 4 per cent to 780,000 tonnes.

According to an executive at a small juice exporter, the large companies partially engineered this year's price increases. Now, he said, "They are acting to edge the price up, within limits."

A trader for a Sao Paolo commodity broker said: "The companies have a lot of power and they may keep the price from falling further,"

Brazil's official export price is fixed by a moving 20-day average of quotations on the New York commodities exchange. However the trader says the official price "does not mean anything."

Instead, bulk exporters set their own prices on the physical market.

The three companies, Cargill, Cutrale, and Citrosuco Paulista, account for over half the world's supply of juice concentrate.

An official at Citrosuco Paulista, denied the company belongs to any cartel. "We compete arduously with other exporters and with American companies," she said.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD recovered in the afternoon after morning trading saw prices fall as low as $436 a troy oz. The bullion market closed at $443.75 after continued light buying emerged later in the day. One dealer said that if support held, the price could return shortly to the $450/$455 range. Silver prices also recovered after heavy opening losses. On the London Metal Exchange copper prices continued to consolidate morning gains following a stronger Comex opening – but in thin trading. Cash metal closed £66 a tonne ahead at £1,323.50 a tonne. Aluminium prices closed near the day's highs. Meanwhile the Baltic Interntaional freight-Futures Market (Biffex) dry cargo contract reached fresh peaks following a rise of 41.5 points in the Baltic Freight Index to 1,468.5. Most of the components of the index – at a record for the third consecutive day – were marked higher.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.50-5.60z	+0.005
Brent Blend	$16.25-6.35	+0.20
W.T.I.(1 pm est)	$17.30-7.35z	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$159-161	+0.5
Gas Oil (Soviet)	$139-140	+1.5
Heavy Fuel Oil	$72-73	+1.5
Naphtha	$150-152	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$443.75	+0.25
Silver (per troy oz)♣	636c	−1
Platinum (per troy oz)	$448.50	+1.00
Palladium (per troy oz)	$117.00	+1.15
Aluminium (free market)	$2040	+40
Copper (US Producer)	108½-113c	
Lead (US Producer)	37.50c	−2.50
Nickel (free market)	380c	+10
Tin (European free market)	£3880	−5
Tin (Kuala Lumpur market)	17.18r	−0.02
Tin (New York)	317.00c	+0.50
Zinc (Euro. Prod. Price)	$890	
Zinc (US Prime Western)	45.375c	+0.625
Cattle (live weight)†	107.07p	+2.67*
Sheep (dead weight)†	151.58p	−2.09*
Pigs (live weight)†	65.01p	−0.43*
London daily sugar (raw)	$222.00w	−8.00
London daily sugar (white)	$229.00w	−8.00
Tate and Lyle export price	£233.00	−4.50
Barley (English feed)	£109.50	
Maize (US No. 3 yellow)	£135.50	
Wheat (US Dark Northern)	£98.50u	+1.25
Rubber (spot)♥	62.50p	−0.25
Rubber (Mar)♥	67.00p	−0.25
Rubber (Apr)♥	67.00p	−0.25
Rubber (KL RSS No 1 Mar)	278.00m	−0.50
Coconut oil (Philippines)§	$550.00x	
Palm Oil (Malaysian)§	$410.00	+5.00
Copra (Philippines)§	$370.00	
Soyabeans (US)	£151.00	+2.00
Cotton "A" index	67.90c	−0.70
Woollops (64s Super)	580p	+54

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr.† Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. §CIF Rotterdam.♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	1052	1073	1068	1044
May	1072	1094	1089	1063
Jly	1092	1115	1107	1084
Sep	1109	1134	1126	1103
Dec	1133	1158	1150	1127
Mar	1157	1183	1172	1154
May	1176	1202	1190	1173

Turnover:6828 (4117) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for February 4: 1325.68 (1356.92) .10 day average for February 5: 1386.24 (1400.91).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1210	1217	1223	1207
May	1234	1242	1250	1230
Jly	1258	1264	1273	1253
Sep	1281	1290	1296	1279
Nov	1300	1309	1310	1300
Jan	1320	1327	1327	1320
Mar	1340	1360		

Turnover: 3548 (2987) lots of 5 tonnes
ICO indicator prices (US cents per pound) for February 3: Comp. daily 1979 117.32 (116.79); 15 day average 115.69 (115.54).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	200.80	195.60	202.00	187.80
May	202.00	196.00	203.00	190.00
Aug	198.60	192.20	198.80	187.80
Oct	198.00	192.20	199.20	187.40
Dec	198.80	194.00		
Mar	198.80	193.60	200.00	190.00
May	203.00	195.00		
White	**Close**	**Previous**	**High/Low**	
Mar	236.00	233.00	238.00	226.00
May	239.00	234.00	239.00	228.00
Aug	242.00	236.00	241.50	234.00
Oct	242.00	236.00	241.50	234.50
Dec	242.50	237.00	241.50	
Mar	244.00	238.00	244.00	228.00
May	245.00	240.50	244.00	

Turnover: Raw 9388 (7116) lots of 50 tonnes; White 2541 (1560).
Paris- White (FFr per tonne): Mar 1328, May 1345, Aug 1365, Oct 1370, Dec 1385, Mar 1395.

GAS OIL $/tonne

	Close	Previous	High/Low	
Feb	139.25	138.50	140.00	138.50
Mar	141.00	139.50	141.50	139.50
Apr	140.00	138.00	140.50	138.25
May	137.25	136.75	138.00	137.00
Jun	139.75	138.00	139.75	138.50
Jul	139.75	138.25	139.75	139.50

Turnover: 5387 (5000) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	106.15	106.45	106.15	105.55
May	108.60	109.00	108.70	108.30
Jly	111.15	111.50	111.15	110.75
Sep	102.80	103.30	102.80	102.75
Nov	104.55	105.05	104.55	104.45
Jan	107.00	107.50	107.00	
Mar	109 10	109.60		
Barley	**Close**	**Previous**	**High/Low**	
Mar	105.25	106 00	105 50	105.00
May	106 80	107.40	107.00	106.70
Sep	97 45	97.85		
Nov	100.10	100 50		
Jan	102.25	102 65		
Mar	104 85	105.25		

Turnover: Wheat 245 (123) , Barley 87 (37) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 4,450 tonne
Cash	2020-40	1980-90		2030-50		
3 months	1860-80	1870-80		1860-80		2,718 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 12,300 tonne
Cash	1150-2	1122-4	1138	1137-8		
3 months	1070-1	1058-9	1072/1066	1068-9	1066-7	46,109 lots
Copper, Grade A (£ per tonne)						Ring turnover 35,800 tonne
Cash	1322-5	1257-8	1330/1325	1324-5		
3 months	1187-8	1140-40.5	1190/1158	1188-9	1182-3	74,803 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1275-95	1210-30		1275-95		
3 months	1150-80	1110-30		1150-80		38 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	633-6	634-7		630-3		
3 months	644-7	645-8		641-4	647-50	689 lots
Lead (£ per tonne)						Ring turnover 6,550 tonne
Cash	377.5-8	379-80	378/377	378-9		
3 months	353.5-4	354-5	355/351	351.5-2.5	352-3	12,327 lots
Nickel ($ per tonne)						Ring turnover 2,424 tonne
Cash	8080-8120	8040-70	8240/8230	8220-40		
3 months	7754-60	7806-20	7892/7750	7810-50	7784-90	9,570 lots
Zinc (£ per tonne)						Ring turnover 9,100 tonne
Cash	495-6	491-2	497/496	496-7		
3 months	499-500	495-6	502/500	501-1.5	499-500	12,576 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	96.50	95.50		
Mar	82.00	81.50		
Apr	147.50	148.40	148.80	147.20
May	164.50	165.50	165.50	164.50
Nov	98.50	97.50	98.00	
Feb	108.00	107.50		

Turnover: 228 (709) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	127.50	127.00	128.00	127.00
Jun	122.00	121.70	121.50	
Aug	120.50	120.00		
Oct	122.00	122.00		
Dec	125.00	124.50		
Feb	127.00	127.00		

Turnover: 226 (285) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low	
Apr	1558.5	1545.0	1572.0	1555.0
Jly	1419.0	1411.0	1440.5	1419.0
Oct	1457.5	1445.0	1476.0	1455.0
Jan	1437.5	1430.0	1437.5	1437.5
Apr	1481.0	1482.5	1481.0	1445.0
BFI	1468.5	1427.0		

Turnover: 680 (533)

FRUIT AND VEGETABLES
Oranges, 10-30p each, grapefruit, 12-25p, and lemons, 10-22p, are plentiful, but satsumas, 45-55p a lb, and marmalade oranges, 25-35p, are at the end of the season, reports FFVIB. Cape sultana grapes are £1.50-2.00 (£2.00-2.60) and Chile Thompson seedless £1.50-1.90 (£1.90-2.20) as supplies increase. English early forced rhubarb is in peak supply at 35-55p (45-60p). Wet weather has not hit leafy greens supplies but shortages could occur after a cold spell or if wet conditions bring crops too far forward. Lifting of root vegetables may be hampered by wet ground in some areas, but current supplies are from store. Quality and flavour of tomatoes have been affected by bad weather in Spain and the Canaries. Cucumbers, 60-80p each (45-70p), have also been hit and supplies are very poor.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	443½-444	252-252½
Opening	437½-438	248¾-249¼
Morning fix	437.60	248.707
Afternoon fix	443.25	252.076
Day's high	443½-444	
Day's low	436-436½	
Coins	**$ price**	**£ equivalent**
US Eagle	456-461	259-262
Mapleleaf	456-461	259-262
Britannia	456-461	259-262
Krugerrand	442-445	251-253
1/2 Krug	229-238	130-135
1/4 Krug	116-124	65¾-70¼
Angel	450-455	255½-258¼
1/10 Angel	46-51	26-29
New Sov.	104¼-105¼	59¼-60
Old Sov.	104¼-105¾	59¼-60¼
Noble Plat	454¼-459¾	258¼-261½

Silver fix	p/fine oz	US cts equiv
Spot	360.45	634.40
3 months	368.50	646.15
6 months	376.60	655.90
12 months	394.80	680.85

US MARKETS

PRECIOUS METALS tended to consolidate on short-covering following recent falls, reports Drexel Burnham Lambert. However, indications of overlying selling pressure restricted advances. Copper was firm but quiet with light, mixed trade and commission house buying being met by local selling. Crude oil opened firm on overseas buying, but then settled into a narrow range as local buying was met by profit-taking. Spill-over long liquidation weakened sugar in early trading. However, as the market closed a chart gap left by the rise in December, trade support emerged which prompted commission house short-covering. Cocoa eased on fund short-selling in the face of continued industry scale-down buying. Live hogs firmed in response to threatened disruption caused by bad weather. Pork bellies eased in response to lower cash prices and disappointing physical trade. Soviet interest for 300,000 tonnes of wheat combined with a tender by Tunisia for 725,00 tonnes to keep futures steady. Maize held firm with indications of commercial pricing underneath the market and despite reports that a tender by Egypt had been delayed. Soya oil eased reflecting a delay in the expected tender by India.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	444.4	438.7	445.0	440.5
Mar	445.4	439.7	445.0	441.0
Apr	448.2	442.5	448.5	442.8
Jun	452.8	447.0	453.0	447.8
Aug	457.6	451.7	456.0	452.7
Oct	462.6	456.7	461.2	459.0
Dec	467.7	461.8	468.0	462.0
Feb	473.1	467.2	470.0	469.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	449.4	443.8	0	0
Apr	452.4	446.8	453.8	447.0
Jul	457.1	451.7	458.0	453.0
Oct	462.4	457.3	462.0	458.0
Jan	468.4	463.3	467.0	465.5
Apr	474.9	469.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	639.8	632.0	0	0
Mar	643.0	635.5	645.0	633.0
May	651.4	643.8	653.5	643.0
Jul	659.2	651.8	660.0	650.0
Sep	667.1	659.6	662.0	661.0
Dec	680.0	672.5	681.0	671.0
Jan	683.8	676.3	0	0
Mar	693.2	685.7	692.0	688.0
May	702.4	694 9	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	103.00	100.85	103.00	103.00
Mar	96.05	93.85	96.85	95.20
Apr	91.65	89.70	0	0
May	87.25	85 60	87.80	86.40
Jul	82.25	80.60	82.50	81.10
Sep	79.15	78.10	79.50	78.50
Dec	77.25	76.50	77.40	76.50
Jan	77.05	76.35	0	0
Mar	76 65	76 00	77.40	77.40
May	76.65	76 00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Mar	17.14	17.14	17.39	17.13
Apr	17.09	17.05	17.29	17.07
May	16.98	16.96	17.20	17.00
Jun	16.85	16.86	17.06	16.88
Jul	16.76	16.76	16.99	16.85
Aug	16.82	16.67	16.87	16.78
Sep	16.75	16.58	16.75	16.75
Oct	16.70	16.49	16.70	16.70
Nov	16.65	16.40	0	0
Dec	16.50	16.31	16.50	16.50

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	48.40	47.86	48.85	48.25
Apr	46.70	46.52	47.25	46.70
May	45.40	45.16	45.90	45.50
Jun	44.80	44.53	45.25	44.80
Jul	44.90	44.58	45.30	45.00
Aug	45.60	45.18	45.85	45 70
Sep	46.75	45.93	46.75	46.75
Oct	47.75	46.68	47.75	47.55
Nov	48.50	47.38	48.50	48.35
Dec	49.10	48.08	49.25	49.05

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1703	1730	1726	1690
May	1740	1765	1760	1725
Jul	1761	1790	1785	1747
Sep	1791	1820	1807	1778
Dec	1836	1850	1845	1811
Mar	1869	1883	1876	1850
May	1869	1903	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	134.68	133.89	134.75	133.30
May	146.00	136.63	137.70	136.00
Jul	140.00	138.58	140.00	137.90
Sep	141.26	140.57	141.35	139.50
Dec	143.50	143.00	143.25	142.00
Mar	145.13	144.50	0	0
May	146.00	146.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.98	8.71	9.00	8.41
May	9.09	8.70	9.12	8.45
Jul	8.85	8.52	8.88	8.35
Oct	8.75	8.50	8.77	8.28
Jan	8.93	8.68	0	0
Mar	8.85	8.56	8.85	8.34
May	8.85	8.65	8.85	8.39

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	62.48	61.65	62.60	61.15
May	63.10	62.18	63.20	61.70
Jul	63.52	62.50	63.60	62.25
Oct	62.60	62.00	62.65	61.70
Dec	61.80	61.05	61.80	60.85
Mar	62.95	62.22	0	0
May	63.15	62.55	63.07	62.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	170.50	176.95	173.00	169.00
May	168.65	173.65	170.25	168.65
Jul	168.00	172.25	169.00	167.25
Sep	166.45	171.45	168.00	166.45
Nov	165.00	170.00	0	0
Jan	160.95	165.60	161.00	161.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 3	Feb 2	mnth ago	yr ago
1721.6	1722.5	1765.0	1601.2

DOW JONES (Base: December 31 1974 = 100)

Spot	128.38	129.39	134.74	115.45
Futures	131.91	132.11	136.82	117.60

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	611/0	603/0	611/4	601/0
May	620/4	612/0	621/0	610/4
Jul	627/4	620/4	628/0	619/0
Aug	628/0	621/0	628/4	620/0
Sep	627/2	621/0	627/4	619/0
Nov	634/4	627/0	635/0	625/4
Jan	642/4	635/0	642/4	634/0
Mar	650/0	642/4	650/0	642/0
May	654/4	647/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.66	20.68	20.76	20.50
May	20.99	20.99	21.05	20.82
Jul	21.25	21.22	21.32	21.08
Aug	21.32	21.31	21.40	21.20
Sep	21.33	21.35	21.45	21.25
Oct	21.32	21.32	21.45	21.30
Dec	21.42	21.45	21.50	21.35
Jan	21.45	21.45	21.50	21.45

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	180.6	176.5	181.0	176.3
May	179.4	176.3	180.3	176.1
Jul	180.8	177.8	181.0	177.8
Aug	181.7	179.2	182.0	179.2
Sep	182.7	180.2	183.0	181.0
Oct	184.5	181.5	184.5	182.0
Dec	185.7	182.5	186.0	183.6
Jan	187.5	183.5	187.0	188.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	202/6	198/6	203/0	198/4
May	207/6	204/0	207/6	204/0
Jul	210/6	207/2	210/6	207/0
Sep	212/4	209/2	213/0	208/4
Dec	216/0	211/2	216/0	211/0
Mar	223/0	218/2	223/0	218/0
May	227/0	222/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	334/6	329/4	335/0	329/0
May	333/0	328/6	333/4	328/6
Jul	322/6	318/6	323/0	318/0
Sep	326/0	321/2	326/2	321/4
Dec	336/0	332/0	336/0	332/4
Mar	338/0	333/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	69.77	69.67	69.97	69.37
Apr	70.92	71.20	71.20	70.60
Jun	69.42	69.40	69.50	68.97
Aug	66.65	66.62	66.95	66.30
Oct	65.60	65.57	65.80	65.30
Dec	65.92	66.92	66.40	65.85

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	48.77	48.57	48.90	48.35
Apr	45.67	45.75	46.10	45.40
Jun	48.77	48.47	48.95	48.45
Jul	48.25	48.45	48.55	48.15
Aug	47.17	47.22	47.60	47.10
Oct	42.60	42.65	42.87	42.55
Dec	43.10	42.90	43.10	42.85
Feb	42.45	42.32	42.45	0

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	54.95	55.57	55.45	54.60
Mar	55.77	56.17	56.15	55.20
May	57.20	57.45	57.55	56.60
Jul	57.32	57.52	57.65	56.88
Aug	55.95	56.10	56.40	55.60

هكذا من الاصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stalls after firm start

THE DOLLAR'S stronger opening in London continued a trend started in the Far East but quickly ran out of steam. After the first hour, the US unit was virtually put on ice as traders grappled with the prospect of tackling key resistance levels around DM1.70 and Y130. There was also a growing suspicion that the dollar's continued improvement was more and more likely to attract the attention of central banks.

It is an unwise investor who forgets that in addition to trying to give the dollar a sound base, G7 central banks are also committed to arresting any excessive dollar rise. To this end, US authorities seem almost certain to trade dollar strength for lower US interest rates.

News of a fairly sharp turnaround in Japanese trade figures in the first 20-days of January added to the dollar's better tone. A $518m deficit over that period, compared with a $990m surplus for the same 20 days in 1987 was conceded, by most analysts, as at least a step in the right direction. However they were quick to point out that the inclusion of Japanese holidays in this period tended to cloud the picture, and anoverall trade surplus for January was expected of around $2.5bn. Even so, this would mark the 9th consecutive monthly decline in the Japanese trade surplus.

Japanese demand for the two shorter dated offerings at the US Treasury's refunding auction was regarded as less than encouraging and attention focused on the 30-year offering due after the close of business in London. One analyst stressed that although the level of participation was regarded as important, there was also concern about how long Japanese investors would actually hold the paper, pointing out that a poor US unemployment figure today could more than offset the US/Japan interest rate gain, by pushing the dollar weaker.

The dollar closed at DM1.6905 from DM1.6880 and Y128.50 compared with Y127.90. Elsewhere it improved to SFr1.3820 from SFr1.3795 and FFr5.7025 compared with FFr5.6925. On Bank of England figures, the dollar's exchange rate index rose from 94.6 to 94.9.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index 74.3 against 74.4 at the opening and Wednesday night. The six months ago figure was 72.0.

Sterling was confined to a very narrow range, dipping slightly after news that Ford workers had rejected their latest pay offer. There were no other factors to interrupt what was generally regarded as a rather lacklustre day. The pound slipped to $1.7625 from $1.7675 and was slightly lower against the D-Mark at DM2.9800 from DM2.9825. It was higher against the yen at Y226.50 from Y226.00 but slipped elsewhere to SFr2.4350 from SFr2.4375 and FFr10.0500 compared with FFr10.0625.

D-MARK-Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. January average 1.6547. Exchange rate index 149.1 against 145.4 six months ago.

The dollar's fixing of DM1.6939, up from DM1.6895 on Wednesday and the highest level since mid-November, underlined the market's desire to push the US unit beyond DM1.70. However there was a lack of impetus to break through this important resistance level as there were very few factors to influence trading.

A sharp rise in West German unemployment to 9.9 p.c. in January from 9.2 p.c. in December, although depressing, was a little less than the market had expected and therefore had only a marginal effect.

£ IN NEW YORK

Feb.4	Latest	Previous Close
£ Spot	1.7620-1.7630	1.7610-1.7620
1 month	0.32-0.28pm	0.29-0.28pm
3 months	0.93-0.88pm	0.90-0.88pm
12 months	3.50-3.40pm	3.50-3.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.4	Previous
8.30 am	74.4	74.4
9.00 am	74.4	74.5
10.00 am	74.4	74.5
11.00 am	74.3	74.4
Noon	74.4	74.4
1.00 pm	74.3	74.5
2.00 pm	74.3	74.5
3.00 pm	74.3	74.4
4.00 pm	74.3	74.4

CURRENCY RATES

Feb.4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.770867	0.693305
U.S Dollar	6	1.36058	1.21897
Canadian $	8.75	1.73460	1.54931
Austrian Sch.	3	16.1297	14.5118
[illegible]	[illegible]	[illegible]	[illegible]

All SDR rates are for February 3

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

Feb.4	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1367.25-1379.65	776.50-782.90
Kuwait	0.48510-0.48560	0.27605-0.27615
Luxembourg	62.45-62.55	35.40-35.50
Malaysia	4.5080-4.5195	2.5650-2.5750
Mexico	3992.30-4012.20	2269.00-2279.00
N. Zealand	2.6410-2.6460	1.4995-1.5015
Saudi Ar.	6.5905-6.5965	3.7500-3.7510
Singapore	3.5475-3.5530	2.0185-2.0205
S. Af (Cm)	3.5185-3.5345	2.0030-2.0070
S. Af (Fn)	5.0955-5.2475	2.8985-2.9850
Taiwan	50.30-50.55	28.55-28.65
U.A.E.	6.4540-6.4600	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1972	+1.74	+0.99	±1.5344
Danish Krone	7.85212	7.88978	+0.48	-0.27	±1.5404
German D-Mark	2.05853	2.06615	+0.37	-0.38	±1.0981
French Franc	6.90403	6.97190	+0.98	+0.23	±1.3674
Dutch Guilder	2.31943	2.32080	+0.06	-0.69	±1.5012
Irish Punt	0.768411	0.776216	+1.02	+0.27	±1.6684
Italian Lira	1483.58	1520.36	+2.48	+2.18	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7550-1.7635	1.7620-1.7630	0.29-0.26cpm	1.87	0.93-0.89pm	2.07
Ireland†	1.5660-1.5745	1.5735-1.5745	0.15-0.10cpm	0.96	0.55-0.45pm	1.27
Canada	1.2700-1.2717	1.2705-1.2715	0.18-0.21cdis	-1.84	0.56-0.59dis	-1.81
Netherlands	1.8970-1.9085	1.8975-1.8985	0.44-0.42cpm	2.71	1.33-1.30pm	2.76
Belgium	34.49-35.37	35.40-34.50	3dis-par	-0.51	9-3pm	0.68
Denmark	6.45-6.48½	6.46¼-6.46¾	0.65-1.15orepm	1.67	2.75-3.25pm	1.85
W. Germany	1.6885-1.6995	1.6900-1.6910	0.48-0.45pfpm	3.29	1.50-1.45pm	3.48
Portugal	138-138½	138¼-138½	85-110cdis	-8.45	230-280dis	-3.03
Spain	113.80-114.40	113.85-113.95	45-60cdis	-5.52	135-165dis	-5.26
Italy	1239½-1250½	1242¾-1243¾	3.00-3.70liredis	-3.22	10.00-12.50dis	-3.61
Norway	6.39½-6.42	6.39½-6.40	3.45-3.80oredis	-6.79	11.40-11.80dis	-7.25
France	5.70-5.73¼	5.70-5.70½	0.25-0.45cdis	-0.73	1.45-1.75dis	-1.12
Sweden	6.05-6.07¼	6.05¾-6.06¼	1.10-1.30oredis	-2.38	3.50-3.80dis	-2.41
Japan	128.35-129.15	128.45-128.55	0.31-0.28ypm	2.75	0.90-0.85pm	2.72
Austria	11.88-11.94	11.88-11.88½	2.40-2.10gropm	2.27	7.20-6.20pm	2.25
Switzerland	1.3810-1.3885	1.3815-1.3825	0.69-0.64cpm	5.76	1.85-1.80pm	5.27

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.45-35.55.

POUND SPOT- FORWARD AGAINST THE POUND

Feb.4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7550-1.7685	1.7620-1.7630	0.29-0.26cpm	1.87	0.93-0.89pm	2.07
Canada	2.2342-2.2417	2.2395-2.2405	0.06d-0.04cdis	0.27	0.20-0.09pm	0.26
Netherlands	3.34-3.35½	3.34-3.35	1½-1cpm	4.71	4¼-3¾pm	4.86
Belgium	62.25-62.69	62.45-62.55	18-5cpm	2.21	51-33pm	2.69
Denmark	11.37½-11.41½	11.39-11.40	[illegible]	0.20	[illegible]	0.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Feb.4	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.336	0.592	1	76.01	3.372	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.415	7.784	13.16	1000.	44.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.995	1.754	2.965	225.4	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.411	0.724	1.224	93.02	4.127	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.299	0.527	0.891	67.71	3.004	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.456	0.805	1.360	103.4	4.587	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.446	0.787	1.330	101.1	4.487	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.600	2.821	4.768	362.4	16.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Bonds wait for auction result

US TREASURY bond futures traded nervously on Liffe yesterday, ahead of the US Treasury's auction of $8.75bn 30-year bonds.

Economic fundamentals have pointed towards a slowing of US growth and a decline in interest rates. This was expected to produce healthy bidding at last night's auction, although there was some nervousness after a disappointing result to Wednesday's 10-year sale.

Japanese interest in the sale of 3-year and 10-year notes on Tuesday and Wednesday was regarded as patchy, with bids for the $9bn of 10-year notes totalling $18.32bn, and covering the offer only just over 2 times. The average yield on accepted bids was a higher than expected 8.21 p.c.

On the other hand it was always suspected that Japanese institutional investors would be more attracted to the 30-year auction than the sale of shorter dated paper.

Dealers suggested that the success of last night's 30-year bond auction would be judged by how close the yield was to 8.5 p.c. It was argued the market allowed bond prices to drift yesterday, in order to stimulate demand at the auction.

Another early hurdle for the market will be today's US employment data. If the growth in non-farm payrolls is above 150,000 in January, the market may begin to doubt forecasts of a marked economic slow down.

March US Treasury bonds opened lower at 94-06 on Liffe, and touched a peak of 94-09, before falling to 93-23. The contract finished almost at the day's low, closing at 93-24, compared with 94-25 on Wednesday.

Long term gilt futures drifted lower, in sympathy with US Treasury bonds, trading quietly and waiting for the auction result. March long gilts futures opened at 119-29, and closed at 119-28.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	3.63	4.63	0.07	1.11
118	2.18	3.44	0.26	1.56
120	1.01	2.38	1.09	2.50
122	0.23	1.49	2.31	3.61
124	0.06	1.09	4.14	5.21
126	0.02	0.47	6.10	6.59
128	0.00	0.28	8.08	8.40
130	0.00	0.16	10.08	10.28

Estimated volume total, Calls 1444 Puts 907
Previous day's open int: Calls 44930 Puts 29916

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	11.48	10.60	0.00	0.12
84	9.48	9.08	0.00	0.12
86	7.50	7.26	0.02	0.42
88	5.55	5.55	0.07	1.07
90	3.63	4.32	0.15	1.48
92	2.19	3.22	0.35	2.38
94	0.62	2.19	1.14	3.35
96	0.23	1.36	2.39	4.52

Estimated volume total, Calls 170 Puts 391
Previous day's open int: Calls 1394 Puts 1355

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
16000	15.91	17.02	0.16	1.27
16500	11.31	13.09	0.56	2.34
17000	7.31	9.69	1.56	3.94
17500	4.20	6.89	3.45	6.14
18000	2.10	4.69	6.35	8.94
18500	0.91	3.06	10.16	12.31
19000	0.34	1.91	14.59	16.16
19500	0.11	1.14	19.36	20.39

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 12 Puts 77

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE- EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Mar	0.7263	0.7272	0.7250	0.7267
Jun	0.7350	0.7354	0.7339	0.7349
Sep	0.7429	0.7434	0.7429	0.7432
Dec	-	-	-	0.7517

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Mar	253.20	253.25	252.20	253.10
Jun	254.40	254.70	253.65	254.55
Sep	255.60	-	255.30	255.90
Dec	257.20	257.30	257.00	257.40

CURRENCY FUTURES

[illegible]

MONEY MARKETS

A nervous tone

A NERVOUS tone continued in London's financial markets yesterday. Dealers were not convinced the rise of ½ p.c. in UK bank base rates was enough to cure problems about the level of money supply and high bank lending.

Discount houses found themselves holding surplus funds, as any underlying shortage of credit stayed where it was on Wednesday, with the banks. This led to something of a stand off between the houses and the banks on the level of overnight money, until a discount house was seen as a seller of longer dated paper. This then produced a flood of money, pushing the overnight rate down to a low of 1 p.c.

UK clearing bank base lending rate 9 per cent from February 2

Apart from the technicality of where the credit shortage lay, the sale of band 4 bills to the Bank of England indicated the reluctance of the houses to hold on to longer dated paper, for fear of another rise in base rates.

There was a slightly firmer tone to London money rates. Three-month interbank rose to 9⅛-9 p.c. from 9⅟₁₆-8¹⁵⁄₁₆ p.c., and 12-month to 9⁷⁄₁₆-9⁵⁄₁₆ p.c. from 9½-9⅜ p.c.

The Bank of England initially forecast a money market shortage of £200m, but revised this to £100m at noon. The authorities did not intervene in the market before lunch, but in the afternoon bought £120m bank bills outright in band 4 at 8⅞ p.c.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £42m, with a rise in the note circulation absorbing £60m, and bank balances below target £147m. These outweighed Exchequer transactions adding £50m to liquidity.

In Amsterdam the guilder weakened against the D-Mark as the gap between Dutch and West German money rates has narrowed of late. One-month guilder deposits were quoted at 3¾-4 p.c. yesterday, against 3.15-3.25 p.c. for the same period D-Mark deposits.

In Frankfurt the West German Bundesbank left its credit policies unchanged at yesterday's council meeting. The discount rate remained at 2.5 p.c. and the Lombard rate at 4.5 p.c. Call money was steady at 3.20 p.c., in a quiet money market, well supplied with liquidity.

The central bank's generous allocation of funds at this week's securities repurchase tender offset payments for a Federal Government domestic bond, which is draining DM3.2bn from the market.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

LONDON MONEY RATES

[illegible]

Legal Notices

NOTICE OF AN EVENT OF DEFAULT

MORAN INTERNATIONAL ENERGY, N.V.,

8% CONVERTIBLE SUBORDINATED

DEBENTURES DUE 1995

This NOTICE OF AN EVENT OF DEFAULT pursuant to Section 5.08 of that certain Indenture dated November 1, 1980 among MORAN INTERNATIONAL ENERGY N.V. (the "Company"), MORAN ENERGY INC., whose successor by merger is KANEB SERVICES, INC. (the "Guarantor"), and FIRST CITY NATIONAL BANK, TRUSTEE (the "Trustee"), as supplemented by the First Supplemental Indenture dated March 20, 1984 among the Company, the Guarantor, and the Trustee (the "Indenture"), is made and published by FIRST INTERSTATE BANK OF TEXAS, N.A. (formerly known as ALLIED BANK OF TEXAS), SUCCESSOR TRUSTEE (the "Successor Trustee") pursuant to that certain Four Party Agreement dated January 30, 1987 among the Company, the Guarantor, the Trustee, and the Successor Trustee.

The Company has failed to pay to the Successor Trustee an interest payment, which under terms of the Indenture was due on November 1, 1987, and the Company has not paid the November 1, 1987 interest payment within a period of thirty days after the payment was due. Such failure to pay within thirty days after such due date constitutes an event of default pursuant to Section 5.01 of the Indenture. Additionally, the Successor Trustee has been informed that there have been events of default under terms of indebtedness owed by an separate subsidiary of the Guarantor, and that under the terms of the Indenture such events of default may prohibit the making of any payment of monies to or by the Successor Trustee in respect of the Indenture. Pursuant to Section 5.01 of the Indenture, if an event of default occurs and is continuing, then either the Successor Trustee or the holders of not less than 25% in aggregate principal amount of the debentures (or such lesser amount as shall have acted at a meeting of the holders of the debentures pursuant to Section 8.05 of the Indenture) by appropriate written notice may declare the principal of all the debentures to be due and payable immediately. However, as of this date the Successor Trustee has not declared the principal of the debentures due and payable as a result of such default.

Additional written inquiries may be directed to the Successor Trustee at the following address: First Interstate Bank of Texas, N.A., Corporate Trust Department, First Interstate Bank Plaza, 8th Floor, 1000 Louisiana, Houston, Texas 77002.

FIRST INTERSTATE BANK OF TEXAS, N.A.

Company Notices

CYDSA S.A.
FLOATING RATE NOTES
DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing 8th February 1988, the notes will bear interest at the rate of 8⅝% per annum. The interest payable on 9th May 1988 against Coupon No. 14 will be US$21.802083 per US$1,000 Nominal.

Agent Bank
ORION ROYAL BANK LTD.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, February 3, 1988. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London,
New York, Tokyo, San Francisco, Los Angeles, Toronto.
24-hours a day trading capability.
Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=$US1.22825 SDR1=$US1.36437
As of February 3, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	6⅞	6⅞
Sibor:	6⅞	6⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani	50.60(o)	Greenland	Danish Krone	6.4305	Pakistan	Pakistan Rupee	17.5438
Albania	Lek	5.7014	Grenada	E. Caribbean $	2.70	Panama	Balboa	1.00
Algeria	Dinar	5.208	Guadaloupe	Local Franc	5.674	Papua New Guinea	Kina	0.8997
Andorra	French Franc / Spanish Peseta	5.674 / 113.77	Guam	U.S. $	1.00	Paraguay	Guarani	320.00(o) / 550.00(p) / 880.00(n)
Angola	Kwanza	29.918	Guatemala	Quetzal	1.00 / 2.55			
Antigua	E. Carribean$	2.70	Guinea	French Franc (j)	440.00 / 300.00			
Argentina	Austral	4.12	Guinea-Bissau	Peso	650.00			
Aruba	Florin	1.79				Peru	Inti (o,n,4)	33.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 440	91	9	17	23	-	-	$ 443.35
GOLD C	$ 460	22	3	373	14	6	23 B	$ 443.35
GOLD C	$ 480	115	1.50	211	7.60 B	110	13.60	$ 443.35
GOLD C	$ 500	-	-	52	4.50	5	10	$ 443.35
GOLD C	$ 520	-	-	10	3	50	5	$ 443.35
GOLD P	$ 400	28	0.80	-	-	-	-	$ 443.35
GOLD P	$ 420	229	2.50	224	8.50	123	11.50	$ 443.35
GOLD P	$ 440	406	7.50 A	49	16 A	182	19.50	$ 443.35
GOLD P	$ 460	68	19	5	24	-	-	$ 443.35
GOLD P	$ 480	655	37	10	37	-	-	$ 443.35
GOLD P	$ 500	312	57	-	-	103	58	$ 443.35
GOLD P	$ 520	-	-	-	-	100	78	$ 443.35
		Feb. 88		Mch. 88		Apr. 88		
EOE Index C	Fl. 155	54	22	-	-	-	-	Fl. 177.56
EOE Index C	Fl. 175	77	4.50	10	9	-	-	Fl. 177.56
EOE Index C	Fl. 180	288	2.30	212	5.70	-	-	Fl. 177.56
EOE Index C	Fl. 185	75	1	92	3.70	-	-	Fl. 177.56
EOE Index P	Fl. 155	55	0.30	-	-	-	-	Fl. 177.56
EOE Index P	Fl. 160	40	0.50	-	-	-	-	Fl. 177.56
EOE Index P	Fl. 165	35	0.80	120	3.40	24	5	Fl. 177.56
EOE Index P	Fl. 170	70	2	43	4.80	16	7	Fl. 177.56
EOE Index P	Fl. 175	103	3.30	30	7	38	8.80	Fl. 177.56
EOE Index P	Fl. 180	188	6	94	9.50	26	11	Fl. 177.56
£/Fl P	Fl. 330	-	-	300	0.80	-	-	Fl. 335.03
$/Fl C	Fl. 180	10	10.20	40	10.50	-	-	Fl. 190.51
$/Fl C	Fl. 185	146	5.80	9	6.20	-	-	Fl. 190.51
$/Fl C	Fl. 190	315	2	106	3.10 B	-	-	Fl. 190.51
$/Fl C	Fl. 195	450	0.50	102	1.40	-	-	Fl. 190.51
$/Fl P	Fl. 185	500	0.70	22	1.80	-	-	Fl. 190.51
$/Fl P	Fl. 190	343	2.30	11	3.90	-	-	Fl. 190.51
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	24	0.80	29	1.50	33	2 B	Fl. 36.90
ABN P	Fl. 35	38	1	99	2	-	-	Fl. 36.90
AEGON C	Fl. 65	133	1.20	3	2.30	-	-	Fl. 59.50
AHOLD P	Fl. 70	36	2.10	2	4.20	-	-	Fl. 73.20
AKZO C	Fl. 100	293	1.80	98	3.50	9	5.50	Fl. 89.90
AKZO P	Fl. 90	130	4.10	42	9.10	-	-	Fl. 89.90
AMEV C	Fl. 45	15	0.60	70	1.20	20	2	Fl. 39.30
AMEV P	Fl. 40	-	-	57	3.50	-	-	Fl. 39.30
AMRO C	Fl. 60	125	1	19	2	8	2.50	Fl. 56.10
ELSEVIER C	Fl. 50	21	1	687	2.50	22	3	Fl. 45.50
ELSEVIER P	Fl. 40	57	1.10	-	-	-	-	Fl. 45.50
GIST-BROC. C	Fl. 30	374	1.10	100	2	-	-	Fl. 27.90
GIST-BROC. P	Fl. 30	451	3.20	68	5	9	5	Fl. 27.90
HEINEKEN C	Fl. 130	29	2.80	9	6	-	-	Fl. 117.20
HOOGOVENS C	Fl. 30	20	0.70	149	1.80	-	-	Fl. 25.90
HOOGOVENS P	Fl. 25	2	1.40 B	100	2.70	-	-	Fl. 25.90
KLM C	Fl. 30	1612	2.10 A	467	3.30	298	4.20	Fl. 30
KLM P	Fl. 30	335	1.90	39	3	17	3.70	Fl. 30
NEDLLOYD C	Fl. 190	58	6.10	1	12.30	-	-	Fl. 167.50
NEDLLOYD P	Fl. 150	97	6	-	-	-	-	Fl. 167.50
NAT.NED. C	Fl. 50	385	3	143	4.30	-	-	Fl. 51.40
NAT.NED. P	Fl. 50	61	1.90	-	-	15	4 A	Fl. 51.40
PHILIPS P	Fl. 25	114	2.10	20	2.90	-	-	Fl. 24.80
ROYAL DUTCH C	Fl. 220	102	4.30	124	6.50	4	10.50	Fl. 213.40
ROYAL DUTCH P	Fl. 210	473	5.20	172	12	-	-	Fl. 213.40
ROBECO C	Fl. 90	20	0.90 A	-	-	-	-	Fl. 84.10
UNILEVER C	Fl. 120	409	1.80 B	84	4.20	47	6.50	Fl. 108.50
UNILEVER P	Fl. 100	35	2.60	62	4.90	45	7.60	Fl. 108.50

TOTAL VOLUME IN CONTRACTS : 29,389

A=Ask B=Bid C=Call P=Put

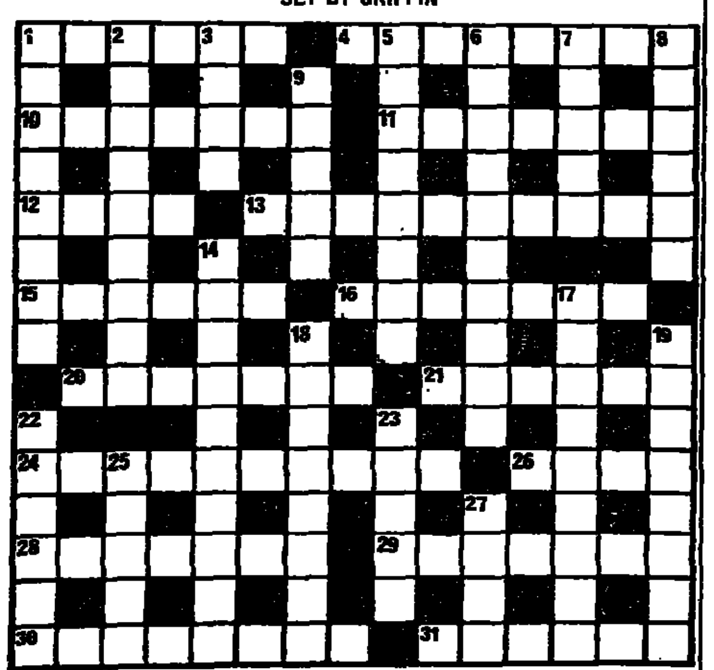
BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk.	9	Clysedale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Cred	8½	PK Finans. Intl(UK)	9½
Amro Bank	9	Co-operative Bank	*9	Provincial Bank PLC	10
Henry Ansbacher	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
ANZ Banking Group	9	Dunbar Bank PLC	9	Roxburghe G'rantee	9½
Associates Cap Corp	10	Duncan Lawrie	9	Royal Bk of Scotland	9
Authority Bank	9	Equatorial Bank plc	8½	Royal Trust Bank	9
B & C Merchant Bank	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Sec. Ltd.	9½	TSB	8½
Bank Leumi (UK)	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	♦10.2
Bank Credit & Comm.	9	Robert Fraser & Ptrs.	10	United Bk. of Kuwait	9
Bank of Cyprus	9	Girobank	9	United Mizrahi Bank	9
Bank of Ireland	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of India	9	● Guinness Mahon	9	Western Trust	9
Bank of Scotland	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Barclays Bank	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Benchmark Bank PLC	9	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj Bank Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
● Charterhouse Bank	9	Mount Banq Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ♦ Mortgage base rate. § Demand deposit 4.00%. Mortgage 10% - 10.25%

FT CROSSWORD No.6,548

SET BY GRIFFIN



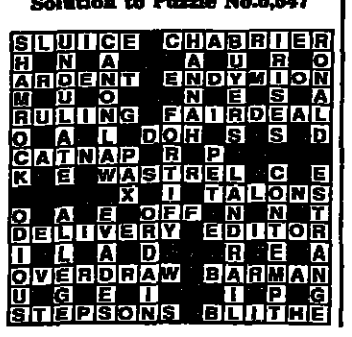
ACROSS

1 Man takes bus back to lodge (6)
4 Son cried, confusing judge (8)
10 Became union members? (7)
11 Loveless vicar takes 1p a vegetable (7)
12 Covering for banana wine container (4)
13 Successful salesman back in poor US organisation (10)
15 Sexy nonsense during ice-dancing (6)
16 Post boy volunteers to take it back in (7)
20 Public school finishes classes first (7)
21 Home about ten after five, make up (6)
24 On site, working in friend's house (10)
26 Man? I'll say! (4)
28 Hole repaired in silk or waterproof cloth (7)
29 Soft mixture many in Malaga cooked (7)
30 Teacher in lock-out is replaced (8)
31 Porter races in, fully recovered (6)

DOWN

1 Of course, it's half a year (8)
2 Singer taking leading British sedative (9)
3 Lady teacher turns up after one (4)
5 Facing counter, accepts it (8)
6 Doctors sneer about inept treatment of London water (10)
7 Australian doing somersaults (5)
8 Others pop in for something to eat (6)
9 Fuss engineers love (5)
14 He has a job down under (10)
17 Failing to notice view, finished first (9)
18 Displays of buttons Stan arranged (8)
19 Arrest me for waving flag (8)
22 Meaning I'm to get the wine (6)
23 Agree upon central heating in lift (5)
25 Opening line rewritten by top tragedian (5)
27 Dissolute man found in tool shed (4)

Solution to Puzzle No.6,547



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6993/4/5

Scimitar Global Gth Ac	26.7	28.5	-0.3	-
Do. Income	26.6	28.3	-0.3	0.19
Scimitar European Acc	19.9	22.2	-0.1	-
Do. Income	19.9	21.2xd	-0.1	0.11
Scimitar UK Eq Inc Acc	36.0	37.9	-	-
Do. Income	34.4	36.3	-	5.42
UK Cap Gth Acc	22.8	24.0	-0.1	0.75
Scimitar Pac Basin Acc	27.7	29.5	+0.1	-
Scimitar Mangd Exempt*	130.0	141.8xd	-0.8	-

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Intl Income Units	122.5	133.1	-	3.49
Intl Accum Units	187.5	199.3	-	3.49
UK General Acc	37.0	39.4	-0.1	3.38
UK General Inc	35.6	38.1	-0.1	3.38
American	26.3	28.3	-0.3	2.19
European	33.2	35.5	+0.5	1.26
Japan	55.2	58.9	+0.2	0.05
Technology	33.0	35.3	-0.3	2.29
Performance Trusts				
Far East Perf Tst	16.8	18.0	-0.2	2.00
High Inc Perf Tst Inc	23.3	24.9	-0.1	5.36
High Inc Perf Tst Acc	23.7	25.4	-0.1	5.36
Worldwide Tact Perf Tst	26.8	28.7	-0.2	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	204.7	219.0	-0.7	2.60
Columbus (America)	125.0	133.7	-0.8	1.42
Marco Polo (Pacific)	200.9	214.9	-0.9	0.34
Da Vinci (European)	207.8	222.3	+2.2	1.85
Drake (Worldwide)	50.3	53.9	+0.1	2.66

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	198.2	210.9	-0.5	2.68
UK Smllr. Cos. Equity	203.7	216.8	-0.5	1.96
UK Special Situations	57.6	61.3	-0.1	3.40
Income Plus	51.2	54.5	-	5.40
European	149.7	159.3	+0.2	1.70
Far Eastern	47.4	50.5	-1.2	1.87
Japanese	51.7	55.1	+0.4	-
North American	108.6	115.6	-1.5	1.70
International Growth	103.3	109.9	-0.8	1.58
Worldwide Venture	51.3	54.6	-0.3	3.92

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2341/2/3

Equity Growth Tst Acc	17.10	18.30	-0.06	2.98

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Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-486 4355

TUUT Feb 1	213.5	224.8	-	3.38

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	142.6	153.3	-0.2	1.61

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & General	57.8	61.5xd	-	6.66
Accum Units	58.9	62.4	-	-
Income	79.2	84.0	+0.1	4.69
Accum Units	79.2	84.0	+0.1	-
Smaller Co's	86.1	91.5xd	-	1.97
Accum Units	87.0	92.5	-	-
UK Growth	87.4	92.6	-	2.06
Accum Units	87.4	92.6	-	-
Pacific Gold Tst Acc	47.6	50.9	-	-

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	55.3	58.9	-0.2	2.54
Technical Analysis Fd	49.5	52.7	-0.1	3.28

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	176.5	187.8	-	1.61
Friars Hse Inc Fd	151.1	159.0xd	-	3.80

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7. 01-534 5544

United Charities	166.1	178.8	-	4.51

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

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INSURANCES

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Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	375.7	395.6	—	—
Eb'r Ph. Eq.	334.3	356.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	160.3	168.7	-0.1	—
International Acc.	123.3	129.7	-0.2	—
Property Acc.	123.0	129.4	—	—
Fixed Interest Acc.	151.5	159.4	-0.7	—
Money Acc.	135.8	142.9	—	—
Bldg. Soc. Link Acc.	132.9	139.8	—	—
Special Mngd. Acc.	142.5	150.0	-0.3	—
Phoenix/Framlington				
Intl. Growth Acc.	82.5	86.8	—	—
Amer. & Gen. Acc.	75.7	79.6	-0.6	—
Capital Tst. Acc.	172.6	181.6	-0.2	—
Japan & Gen Acc.	172.9	181.9	+1.0	—
American Tomt. Acc.	74.7	78.6	-0.3	—
Recovery Tst. Acc.	160.5	168.9	-0.3	—
Special Mngd Acc.	136.8	144.0	-0.1	—
Phoenix/GT				
International Acc.	119.6	125.8	+0.1	—
US & General Acc.	87.6	92.2	-0.2	—
Amer Spec Sits Acc.	59.8	62.9	-0.3	—
Japan & General Acc.	164.0	172.6	+0.2	—
Far East & Gen. Acc.	133.0	139.9	—	—
UK Capital Acc.	169.3	178.2	-1.0	—
European Acc.	127.3	134.0	-0.2	—
Special Mngd. Acc.	121.5	127.8	-0.4	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.8	276.7	—	—
Man Pens Inc & Cap Fds	335.4	353.1	—	—
Money Fund	111.1	117.0	—	—
Pens. Mngd Fd (Init)	84.1	88.6	—	—
Pens Mngd Fd (Acc)	94.1	99.1	—	—
Pens FT30 Fd (Init)	126.9	133.6	—	—
Pens FT30 Fd (Acc)	142.1	149.6	—	—
Pens O'seas MgFd(Init)	54.4	57.3	—	—
Pens O'seas MgFd(Acc)	60.8	64.1	—	—
Pens Fxd Int Fd (Init)	107.2	112.9	—	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅝	Exch 10½pc '88	100⅜	.....	10.46	8.98
101⅜	98⅝	Treas 9¾pc Cv '88	100⅛	.....	9.73	9.04
98⅝	93¾	Transport 3pc '78–88	98⅞	–⅛	3.05	6.82
101⅝	98⅛	Treas. 9½pc '88	100⅛		9.49	9.24
105⅝	101½	Treas 11½pc 1989	102⅛xd		11.25	9.19
102½	97⅞	Treas 9½pc Cnv 1989	100¼		9.47	9.18
96¼	89½	Treas 3pc 1989	95⅜	+⅛	3.13	6.37
104¾	99⅞	Treas 10½pc 1989	101⅜		10.35	9.32
103½	98½	Exch 10pc 1989	100⅜	–⅛	9.91	9.34
105⅝	100½	Exch 11pc 1989	102⅜	–⅛	10.74	9.38
96¼	89⅞	Treas 5pc 1986–89	95⅞	.....	5.21	7.53
108½	99⅞	Exch 10¼pcCv '89	103⅛	–⅛	9.93	8.25
111⅞	104⅜	Treas 13pc 1990‡‡	106½	–⅛	12.21	9.26
106½	100⅜	Exch 11pc 1990‡‡	102⅞xd	–⅛	10.68	9.34
110½	103⅜	Exch. 12½pc 1990	105⅝	–⅛	11.80	9.35
92⅜	84½	Treas. 3pc 1990	91⅞	+⅛	3.26	6.94
100⅜	93⅜	Treas 8¼pc 1987–90‡‡	98⅜	–⅛	8.34	8.77
100⅝	98	Treas. 8pc Cv 1990	99½	–½		
105	97½	Treas. 10pcCv 1990	101½	–⅛	9.85	9.34
91⅛	81⅛	Exch 2½pc 1990	89⅞	+⅛	2.80	6.78
110¼	102⅜	Treas 11¾pc 1991	106⅛	–⅛	11.08	9.32
95⅛	87¼	Funding 5¾pc '87–91‡‡	93⅛	+⅛	6.17	8.23
90⅛	80¼	Treas. 3pc 1991	88⅜	–⅛	3.39	7.02
110⅝	98½	Treas 10pc Cv '91 ‡‡	103¼	–⅛	9.68	8.86
109⅝	101⅛	Exch. 11pc 1991	105⅛	–⅛	10.47	8.33
99	91⅛	Treas. 8pc 1991	95⅞	–¼	8.34	9.27
116⅜	107⅛	Treas 12¾pc 1992‡‡	110⅜	–⅛	11.49	9.36
106½	97⅜	Treas 10pc 1992	102⅛xd	–⅛	9.79	9.35
99½	90⅜	Treas. 8pc 1992 ‡‡	95⅜	–⅛	8.38	9.31
108⅜	99½	Treas 10½pc Cv 1992‡‡	103¾	–⅛	10.11	9.36
86⅞	79⅛	Treas. 3pc 1992	84⅛	–⅛	3.56	7.30
115⅞	105⅜	Exch. 12¼pc '92	110⅛xd	–⅛	11.10	9.41
121⅛	110⅜	Exch 13½pc 1992	114⅜	–⅛	11.76	9.46
		Five to Fifteen Years				
107⅛	97⅛	Treas 10pc 1993‡‡	102⅛	–⅛	9.77	9.39
118⅜	107½	Treas 12½pc 1993‡‡	112⅜	–⅛	11.10	9.46
95⅞	82¼	Funding 6pc 1993‡‡	91¼	.....	6.57	7.93
125⅛	113¼	Treas 13¾pc 1993‡‡	118⅜	–⅛	11.61	9.53
129⅜	117½	Treas 14½pc 1994‡‡	122⅝xd	–⅛	11.82	9.47
124⅜	112⅜	Exch 13½pc 1994	117⅜	–⅛	11.46	9.62
107⅝	97⅛	Treas. 10pc Ln. 1994‡‡	102⅜	–⅛	9.74	9.42
120⅛	106⅜	Exch. 12½pc 1994	113⅜xd	–⅛	10.97	9.62
103¼	92⅜	Treas 9pc 1994‡‡	98⅜	–⅛	9.14	9.30
118¼	105⅛	Treas 12pc 1995	111⅜	–⅛	10.74	9.64
84¼	76	Exch 3pc Gas 90–95	82⅝	–⅛	3.64	6.04
109⅜	97¼	Exch. 10¼pc 1995	103⅜	–⅛	9.89	9.55
123⅜	110⅛	Treas 12¾pc 1995‡‡	116⅝	–⅛	10.92	9.62
130⅜	116¼	Treas. 14pc '96	123⅛	–⅛	11.39	9.77
102⅜	92	Treas 9pc 1992–96‡‡	98⅝	–⅛	9.17	9.32
139⅜	123⅜	Treas 15¼pc 1996‡‡	130⅜	–½	11.67	9.74
127⅜	113⅛	Exch 13¼pc 1996‡‡	120⅛	–⅛	11.03	9.65
89⅛	81¼	Redemption 3pc 1986–96	85¼	–⅛	3.52	5.15
108⅜	95⅝	Conversion 10pc 1996	102⅜	–⅛	9.77	9.58
128⅜	113½	Treas 13¼pc 1997‡‡	121	–⅛	10.96	9.69
111⅜	98¼	Exch 10½pc 1997	105⅛xd	–½	9.98	9.61
101⅛	88⅜	Treas 8¾pc 1997‡‡	95⅜xd	–½	9.15	9.44
46⅜	42½	Tr 8¾pc Ln "C" 1997 (50pd)	45⅜	–½	9.15	9.45
140⅛	123⅜	Exch 15pc 1997	131⅝	–⅛	11.40	9.85
106⅜	93⅛	Exch. 9¾pc 1998	100⅜	–⅛	9.66	9.60
88⅜	78	Treas 6¾pc 1995–98‡‡	84½	–⅛	8.00	9.12
145⅜	128⅛	Treas. 15½pc '98‡‡	136⅞	–½	11.33	9.84
122⅜	107⅛	Exch. 12pc 1998	115⅛	–½	10.43	9.70
106⅜	92⅜	Treas 9½pc 1999‡‡	100⅜	–½	9.47	9.45
124⅜	109⅛	Exch. 12¼pc 1999	117⅛	–⅛	10.47	9.71
113	98½	Treas. 10½pc 1999	106⅛	–⅛	9.90	9.60
111⅛	96⅜	Conversion 10¼pc 1999	104⅜	–⅛	9.81	9.59
100¼	86⅜	Treas. 8½pc Ln 2000‡‡	93⅜	–⅛	9.08	9.40
103⅛	89½	Conversion 9pc 2000‡‡	96⅜xd	–⅛	9.30	9.45
131⅜	114⅝	Treas. 13pc 2000	123¼	–⅛	10.56	9.75
110⅛	95⅜	Treas 10pc 2001	103⅛xd	–⅛	9.66	9.53
134⅜	118⅜	Treas. 14pc '98–01	126⅛	–½	11.08	9.85
108⅜	93⅜	Conversion 9¾pc 2001	101⅞xd	–⅛	9.57	9.49
122⅝	107	Exch. 12pc '99–02	115⅛	–⅛	10.43	9.73
110⅜	96	Conversion 10pc 2002	103⅜	–⅛	9.62	9.48
109	94⅛	Treas 9¾pc 2002	102⅛xd	–⅛	9.54	9.47
103	89	Exch. 9pc 2002	96⅜	–⅛	9.30	9.40
		Over Fifteen Years				
136⅜	119⅜	Treas. 13¾pc 2000–03	128⅛	–½	10.73	9.79
111⅛	96⅛	Treas 10pc 2003	104⅜xd	–½	9.56	9.42
121⅜	105⅝	Treas. 11½pc 2001–04	113⅜	–⅛	10.08	9.59
111⅜	96⅜	Treas. 10pc 2004	104⅞	–⅛	9.54	9.41
59⅞	51⅛	Funding 3½pc '99–04	57⅛	–⅛	6.12	8.32
107⅜	92⅞	Conversion 9½pc 2004	100⅜	–⅛	9.41	9.38
107⅝	92⅜	Conversion 9½pc 2005	101⅛	–⅛	9.40	9.36
116¾	101⅛	Exch.10½pc 2005	109⅝	–⅛	9.57	9.40
132⅜	115	Treas. 12½pc 2003–05	124⅜	–⅛	10.05	9.48
94⅜	81⅛	Treas. 8pc 2002–06‡‡	88⅛	–⅛	9.03	9.29
110¼	95	Conversion 9¾pc 2006	103⅛	–⅛	9.44	9.36
126¼	108⅜	Treas. 11¾pc 2003–07	117⅜	–⅛	9.97	9.48
99⅛	85⅛	Treas 8½pc 2007 ‡‡	93⅛	–⅛	9.11	9.24
142⅛	123⅛	Treas. 13½pc '04–08	133⅛	–⅛	10.14	9.45
104⅜	89⅜	Treas. 9pc 2008 ‡‡	97⅜	–⅛	9.20	9.23
102	90¼	Treas. 9pc Ln 2008 "A"	97⅜	–⅛	9.20	9.23
94⅜	81⅛	Treas 8pc 2009	88⅜	–⅛	9.02	9.21
101⅜	89⅝	Conv 9pc Ln 2011	97⅜	–⅛	9.23	9.26
69¼	59⅞	Treas. 5½pc 2008–12‡‡	65⅜xd	–⅛	8.40	9.02
91⅞	79⅛	Treas. 7¾pc 2012–15‡‡	85⅞	–⅛	9.03	9.18

BRITISH FUNDS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
134⅜	116⅛	Exch. 12pc '13–'17	126⅛	–⅛	9.52	9.31
		Undated				
45⅝	39⅜	Consols 4pc	43¼	–⅛	9.25	–
41⅜	34⅜	War Loan 3½pc‡‡	38⅛	–⅛	9.11	–
52⅛	46⅛	Conv. 3½pc '61 Aft.	50⅛	–⅛	6.97	–
34⅛	29⅜	Treas. 3pc '66 Aft.	32⅛	–⅛	9.36	–
29⅜	24⅜	Consols 2½pc	27¼	–⅛	9.17	–
29⅜	24⅜	Treas. 2½pc	27¼	–⅛	9.17	–
		Index–Linked			(1)	(2)
134⅛	125⅝	Treas. 2pc '88 (297.1)	134⅛p	–⅛	–	–
119¼	108⅜	Do. 2pc '90(333.9)	118⅝	–⅛	0.68	2.01
101¼	93½	Do. 2pc '92‡‡ (385.8)	100⅛	–⅛	2.09	2.68
130⅜	119⅛	Do. 2pc '96(267.9)	129⅛	+⅛	3.44	3.75
111⅛	96⅝	Do 2½pc '01 (308.8)	108⅜	+⅛	3.74	3.97
110	94⅛	Do. 2½pc '03(310.7)	106⅛	+⅛	3.76	3.96
113⅛	94⅜	Do. 2pc '06(274.1)	107⅝	+⅛	3.80	3.97
108	89⅛	Do. 2½pc '09(310.7)	102	+⅛	3.80	3.96
115⅜	93⅛	Do. 2½pc '11(294.1)	104⅞xd	+⅛	3.80	3.95
95⅛	76⅛	Do. 2½pc '13(351.9)	87⅛xd	+⅛	3.76	3.90
103⅛	83⅜	Do. 2½pc '16(322.0)	94⅝	+⅛	3.72	3.86
101⅛	81⅛	Do. 2½pc '20 (327.3)	92⅛	–⅛	3.66	3.76
86⅛	68⅛	Do. 2½pc '24 ‡‡(385.3)	78¼	+⅛	3.59	3.71

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for May 1987:101.9 and for December 1987: 103.3 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

High	Low	Stock	Price £	+ or –	Int.	Red.
113⅝	97⅛	African Dv Bk 11⅛Ln 2010	104⅛	–⅛	10.65	10.59
109⅝	93	Asian Dev Bk 10¼pcLn2009	100⅛	–⅛	10.22	10.20
136	117¼	Australia 13½pc 2010	125⅛xd	–⅛	10.78	10.55
118¼	100½	Do. 11¾pcLn2015	108	–1	10.53	10.48
115⅝	99⅝	Euro Inv Bk 11pc Ln 2002	106⅜	–⅛	10.28	10.07
110⅝	94⅞	Do. 10½pc2004	102⅜	–⅛	10.14	10.07
126⅝	109⅝	Int–Am Dev Bk 12½pc 2003	116⅜	–⅛	10.74	10.32
104⅝	88⅝	Do. 9¾pcLn 2015	94⅜	–⅛	10.27	10.30
97⅝	83	Mlysia 10¾pcLn 2009	89⅜xd	–⅛	11.95	12.06
115	98⅝	NZ 11¼pc 2008	106⅛	–⅛	10.59	10.50
123¼	100⅞	Do 11½pc 2014	108⅝	–1	10.59	10.52
130⅞	100⅛	Sweden 13½pc Ln 2010	125⅜	–⅛	10.72	10.45
102⅞	87⅜	Utd. Mexican States 16½pc 2008	99⅜	–⅛	16.56	17.20

CORPORATION LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
109⅝	103⅜	Birmingham 13½pc 1989	105¼	–¼	12.80	10.17
119	100½	Do. 11½pc 2012	107⅜	–⅛	10.58	10.60
95¾	82½	GLC 6¾pc 1990–92	90½xd	–½	7.46	9.80
132½	115	Leeds 13½pc 2006	120	.....	11.25	10.97
35	22	Liverpool 3½pc Irred	30		11.67	–
96	85	LCC 6¾pc '88–90	92½	+1	7.30	10.30
31½	21	Do. 3pc '20 Aft.	25xd		12.00	–
115	103½	Manchester 11½pc 2007	104		11.06	11.00

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
92¾	81¼	NZ 7¼pc 1988–92	89¼	–½	8.12	10.30
207	165	S Rhod 2½pc Non–Assd.	206⅝		–	–
78	65	Do. 4½pc 87–92 Assd.	78xd		–	–
860	70	Zimbabwe Ann (£100pa)	91½		–	–

LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
101½	99	N'wide 10⅜pc 15.2.88	100⅛xd	.....	10.81	9.96
101⅛	99⅞	Do 10½pc 7.3.88	100⅛	.....	10.48	9.14
101⅛	99⅞	Do. 9⅞pc 11.4.88	100⅛	.....	9.93	9.23
102	98	Do. 9⅝pc 3.5.88	100⅛	.....	9.65	9.27
101	98⅝	Do. 8⅞pc 23.5.88	99⅜	.....	8.89	9.27
100⅛	98⅛	Do. 8⅞pc 20.6.88	99⅜	.....	8.96	9.36
100⅜	98⅜	Do. 9⅝pc 11.7.88	100⅛	.....	9.61	9.35
100⅜	99	Do. 10pc 1.8.88	100¼xd	.....	9.99	9.20
101¼	99⅝	Do 10½pc 22.8.88	100⅜xd	.....	10.54	9.49
101⅜	99⅞	Do. 10⅝pc 12.9.88	100⅜	.....	10.74	9.44
101⅜	99¼	Do. 10⅝pc 26.9.88	100⅜	.....	10.57	9.64
101⅛	100¼	Do. 10¼pc 31.10.88	100⅛	.....	10.16	9.66
102⅝	84	Do. 3⅞pcIL Ln 2021	91¼xd	.....	10.75	9.48
		Public Board and Ind.				
93⅝	84	Agric. Mt. 5pc '59–89	92	.....	5.43	11.00
48	38½	Met. Wtr. 3pc 'B'	45½xd	.....	6.59	9.90
		Financial				
107	99	Inv in Ind 11¾pc Uns Ln '90	102	.....	11.52	10.56
98½	83½	Do 7¼pcAD 89–92	92	.....	7.88	9.32
113½	103	Do. 12½pc Uns. Ln. 1992	107⅝	.....	11.60	10.13
98½	81½	Do. 7¼pc A 1991–94	89¾	.....	8.08	9.36
101½	89½	Do. 9pc A 1991–94	99	.....	9.09	9.20
100	85¾	Do. 8⅞pc Ln 1992–97	97½	.....	9.10	9.22

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45	.....	3.50	17.78
52	40	Do. 6pc 28 Stb. Ass.	45xd		3	16.67
50	45	Do 4pc Mixed Ass.	45		2	14.44
75	58	Hung. '24 Ass.	75	.....	2.75	13.67
146½	122⅞	Hydro Quebec 15pc 2011	135	–1⅛	15.00	10.84
136¼	115½	Iceland 14½pc Ln 2016	123⅛	–1⅛	14.50	11.63
103½	94	Ireland 9¾pc '91–96	99¼xd	–½	9.75	9.90

AMERICANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	23⅝	Abbott Laboratories§.	27	–⅛	$1.00	–	2.0
40⅝	20⅛	Alcoa $1	22½	+⅛	$1.20	–	2.9
18⅞	420p	♦Allegheny & W $0.01	583p	+3	30c	–	2.8
19⅜	7⅛	Amax $1	8⅝	–⅛	–	–	–
30⅝	13½	Amdahl 5c	17	–1	20c	–	0.6
35⅝	18⅞	Amer. Cyanamid $5	25⅝	–⅛	$1.05	–	2.3
25⅛	11⅜	Amer. Express $0.60	14⅜xd	–⅛	76c	–	2.8
12⅞	636p	Amer. Medical Int. $1	799p	+3	♦72c	–	5.3
22½	14¼	American T. & T. $1	16⅛	–⅛	$1.20	–	3.9
65½	43½	Ameritech $1	52⅝	–1¼	h$4.72	–	4.9
24⅝	14¼	Amfac§	18⅝	–⅛	–	–	–
25	16	Anheuser–Busch $1	17⅝xd	–⅛	60c	–	1.9
98p	33p	♦AridTech§	85p		–	–	–
10⅝	3⅜	BankAmerica $1§	4⅝	–⅛	–	–	–
34⅝	14⅝	Bankers N.Y. $10	20⅛	+⅛	$1.66	–	4.5
652p	80p	BASIX Corp.	99p	+7	12c	–	6.6
49⅛	34½	Bell Atlantic $1	40⅞		$3.84	–	5.1
27	18	BellSouth Corp.	23⅛	–⅛	$2.20	–	5.2
11⅜	4⅛	♦Bethlehem Steel $8	9⅝	+⅛	–	–	–
20⅛	624p	Bio–Rad Labs. Inc. "A"	853p	–3	–	–	–
27⅛	13⅝	Bowater Inc.	16⅞	+⅛	93c	–	3.0
21⅞	12¼	Browning–Ferris 16⅔c.	15¼	–⅛	48c	–	1.7
18⅝	6⅜	Brunswick $0.75	9⅞		30c	–	1.7
36⅜	19⅛	CPC Intnl. 25c	24⅛	–⅛	h$1.24	–	2.8
25⅜	13¼	CSX Corp U.S.$1.00	16⅞	–⅛	$1.24	–	4.0
25⅛	10⅞	CalFed Inc $1.00	16	–⅛	$1.20	–	4.1
21⅜	13⅞	Campbell Soup 15c	15	–⅛	84c	–	3.1
45⅛	24⅞	Caterpillar Inc $1.00	33⅛	+⅛	75c	–	1.2
28⅝	10⅜	Chase Manhattan $12.5	12⅜xd	–⅛	$2.16	–	9.3
32⅝	11¼	Chemical New York	11⅞	+⅛	$2.72	–	12.5
29½	11	Chrysler $6¼	15¼	–⅛	♦$1.00	–	3.6
21⅝	562p	Citicorp $1	11⅝	+⅛	$1.23	–	5.8
886p	167p	CityFed Fin. Corp.	235p	–51	4c	–	0.9
33	19⅛	Colgate–Palmolive $1	23⅛	–⅛	$1.12	–	2.6
25⅝	13⅝	Cons Freightwys $0.625.	15⅛		82c	–	2.9
398p	122p	Cont'l Illinois Corp $1	220p	+8	8c	–	2.0
53½p	7p	Cont. Illinois Hldgs $1.	14p		–	–	–
266p	98p	♦Corporate Data Scnce.	283p	+19	–	–	–
831p	242p	Cullinet Sftwr $0.1	355p	+1	–	–	–
45p	9p	Damson Oil 40c	9p		–	–	–
33⅝	15⅝	Dana Corp. $1	19½	+⅛	$1.44	–	4.0
25⅝	10⅝	Data General	14⅝	–⅛	–	–	–
140p	60p	♦Derma–Lock Medical.	84p		–	–	–
44½	25	Dun & Bradstreet $1	30½	–⅛	$1.50	–	2.7
66⅜	34⅛	Eaton Corpn. 50c	40¼xd	+⅛	$2.00	–	2.7
22⅛	15⅝	FPL Group $0.01	17⅞	–⅛	$2.12	–	6.5
22½	9¼	First Chicago $5	13¼		$1.50	–	6.2
34⅜	19⅛	Ford Motor $2	24xd	–⅛	$1.50	–	3.4
31⅛	19½	GATX 62½c	23⅛	+⅛	$1.50	–	3.5
40⅞	22⅞	Gen. Elect. $0.63	24⅛	–⅛	$1.40	–	3.1
10⅝	376p	♦General Host Corp $1	512p	+3	28c	–	2.4
27⅛	14⅛	Gillette $1	19⅜		86c	–	2.4
15⅛	580p	Gt Am First Svgs Bk $1	803p	+18	♦60c	–	4.1
1375	12⅛	Greyhound $1.50	15½	.....	$1.26	–	4.5
16⅛	605p	Hasbro Inc $0.50	774p	–11	9c	–	0.6
15½	5⅜	Home Group $1	7⅝	–⅛	20c	–	1.4
56⅜	28⅜	Honeywell $1.50	34⅝	–⅛	$2.10	–	3.3
31⅛	15	Hospital Corp Am $1	17	–⅛	72c	–	2.3
29⅝	15¼	Houston Inds.§	19		$2.88	–	8.3
110	59⅝	IBM Corpn $1.25	61⅜		$4.40	–	3.9
25¼	15⅜	IC Industries	18⅝	–⅛	88c	–	2.6
41⅜	23½	ITT Corpn. $1	26xd	–⅛	$1.00	–	2.1
253p	75p	Image Storage/R.Sys.1c	75p		–	–	–
28¼	14⅛	Ingersoll–Rand $2	19	+⅛	$1.04	–	3.0
16½	788p	Inslico $1	966p	+4	$1.00	–	5.7
12⅝	5½	IU Intnl. $1.15	11¼		60c	–	2.9
36½	18	Lockheed Crpn. $1	21⅜	+⅛	$1.40	–	3.6
25⅜	10⅝	Lone Star Inds $1	15⅛	+⅛	$1.90	–	6.9
27⅛	14¼	Louisiana Land $0.15.	19½	+⅛	$1.00	–	2.8
21	842p	Lowe's 50c	10⅝	–⅛	44c	–	2.3
32⅝	10¼	Manuf. Hanover $7½	12¼		$3.28	–	14.7
30¼	10⅞	Merrill Lynch $1	13½	–⅛	$1.00	–	4.1
35⅝	15½	Molex Inc.	21⅛	+⅛	2c	–	–
33⅛	16½	Morgan (JP) $2.5	20⅜	–⅛	$1.50	–	3.9
48	33⅝	NYNEX $1	39⅝	–⅛	$3.80	–	5.3
28	14⅞	PHH	16⅞	+⅛	$1.08	–	3.5
15⅛	859p	Pac Gas & Elect $5	981p	–10	$1.92	–	10.7
25½	16⅛	Pacificorp $3.25	19⅛	–⅛	$2.53	–	7.0
20⅝	13½	Pacific Telesis $0.10	16½	+⅛	b$1.64	–	5.4
26⅞	11¼	Pall Corp. 25c	15⅜xd	.....	34c	–	1.2
56⅞	26⅞	Pennzoil 83(1/3)c	37⅝	–⅛	$2.20	–	3.2
30⅛	16⅛	Pillsbury§	20¼xd	–⅛	$1.12	–	3.0
15¼	780p	Premark Intl	15	–⅛	032c	–	1.2
31	12	Primerica $1.00	16		$1.60	–	5.5
36⅞	21⅛	Quaker Oats $5	24⅛	–⅛	$1.00	–	2.3
43⅜	24	RJR Nabisco Inc.	27⅛	–⅛	$1.92	–	3.9

Continued on next page

Schroders Asia Limited
25th Floor, 2 Exchange Sq, Hong Kong. 5-211633

Asian Fund	$4.93	5.33	—	–
Currency & Bond Fd Inc.	$1.58	1.67	—	–
Currency & Bond Fd Acc.	$3.73	3.95	—	–
Energy Fund	$3.77	4.02	—	–
North American Fund	$4.26	4.51	—	–
Gold Fund	$3.62	3.87	—	–
Hong Kong Fd	$8.90	9.45	—	–
International Trust	$4.91	5.21	—	–
Japan Fund	$67.36	72.30	—	–

Thornton Management Ltd.
33 Cavendish Square, London W1M 7HF. 01-493 8545

Kangaroo Fund	$7.47	7.8435	–0.11	–
Eastern Crusader	$5.38	5.5490	–0.07	–
European Opps Fund	$7.60	7.98		–
Golden Opps Fund	$6.00	6.3000	–0.28	–
HK & China Gateway Fd	$9.91	10.4055	–0.06	–
Intl Opps Fund	$1.69	1.77		–
Japan Fund	$24.14	25.3470	–0.05	–
Little Dragons Fund	$9.18	9.639		–
Oriental Inc Fund	$18.37	19.2885	–0.89	–
Pacific Inv Fd SA	$6.20	6.51	+0.04	–

Warburg Investment Management Jersey Ltd–Contd.
Mercury Money Market Trust Ltd

£ Managed	£11.23	11.83	+0.02	–
US$ Managed	$32.65	34.38	—	–
£ Sterling		£27.11	—	–
US$		$40.23	—	–
D Mark		DM88.62	+0.01	–
Yen		Y9144	+1	–
Dutch Guilder		DF122.73	+0.01	–
SwFr		SFr84.17	—	–

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746
Money Mkt Cheque Acc. 7.95 5.96 8.42 Mth

Barclays Prime Account
PO Box 125, Northampton 0604 252891
High Int. Cheque 8.00 6.225 8.58 Qtr

Benchmark Bank PLC Premier Account
9 Henrietta Place, W1M 9AG. 01-631 3313

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS – Contd

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

هكذا من الأصل

LONDON SHARE SERVICE

INSURANCES — Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♣ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	
Craig & Rose £1	638	
Finlay Pkg 5p	78	
Holt (Jos) 25p	£11½	
IoM Stm. £1	250	+5

IRISH

Fund 11¼% 1988	£100½	
Nat. 9¾% 84/89	£100½	
Fin. 13% 97/02	£114⅝	
Arnotts	310	+3
CPI Hldgs	75	
Carroll Inds	150	
Hall (R. & H.)	108	
Heiton Hldgs	43	-1
Irish Ropes	120	
Unidare	305	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	38
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	46
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
First Dealings	Option Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15
Feb 8	Feb 18	Feb 19	Feb 29

*New time dealings may take place from 9.00 am two business days earlier.

Bonds shade lower while equities remain becalmed in lacklustre trading

THE UK SECURITIES markets, with little cause for optimism on the domestic front and Wall Street providing no encouragement either, drifted aimlessly yesterday. The City was depressed by another round of redundancies involving two of the largest London securities firms, both stalwarts of the old pre-Big Bang trading era.

Turnover in equities was woefully thin, with fewer than 1m shares traded in such leading blue chips as **ICI**, **Royal Insurance** and **BOC**. The Seaq system recorded only 411.5m shares traded, an uncomfortable comparison with bull market daily totals of 800m upwards.

The market was sharply lower ahead of the official opening in response to Wall Street's setback overnight. After recovering an estimated loss of around 14 points, the FT-SE 100 edged up by 3.2 at mid-session, only to slip back when New York came in on the downside again.

At the close of the session, the FT-SE 100 Index was a net 0.6 up at 1766.9.

Traders could find no new factor to account for yesterday's performance, although the apparent vote by Ford workers to reject the latest pay offer – one which the City believes may have spurred the Bank of England's decison to raise interest rates this week – had an old-fashioned ring to it.

The stock market remained becalmed in its recent trading range of 1750-1800 on the FT-SE scale. The big investment funds are known to be flush with cash but are unwilling to enter the markets while the outlook for UK interest rates remains obscure.

At Salomon Bros, the US securities and banking house, Mr Michael Howell, European equity strategist, warned that the London equity sector is "undervalued but overheld, relative to risks". He recommends defensive sectors, including building materials, electronics, stores and properties.

The reported departure of 16 senior managers from Barclays de Zoete Wedd, all former partners in the two City firms merged to create BZW, was not wholly unexpected, but indicated the swing in fortunes wrought by the mercilessly competitive post-Big Bang market.

The news that the BP-Britoil merger will go through without Monopolies Commission reference, together with the confirmation that Atlantic Richfield has won effective control of Tricentrol, kept oil shares on the boil. Even in this sector, however, at least three international securities houses were believed to have advised clients that the fun is over, and that share prices have peaked.

Government bonds continued to follow the lead from the long-dated US Treasury market, which turned easier overnight as New York braced itself for the next round of the Federal financing programme.

UK Gilts opened easier, and were showing falls of about ⅜ before steadying in the final minutes of the session. Dealers reported some retail support from overseas which left the longs with net losses of ⅜ and the mediums about ¼ lower.

The £200m of new Index-linked tranchettes offered at the Bank yesterday morning were spurned by the market-makers. The IL stocks closed virtually unchanged as the buyers of the past fortnight evidently held on to the stock in the expectation that inflation worries will continue to underpin the sector.

Gold mining stocks stabilised after the sharp losses suffered in the previous session. Traders commented that London houses were short of stock, having sold on Wednesday when the market was sliding.

Blyvoor showed no change at 286p, and similar performances came from **Buffelsfontein**, 931p, **Vaal Reefs** £48⅞ and **Western Deep** at £20¼.

Britoil shares jumped 18 to 496p on a turnover of 10m shares after it was announced that the Trade Secretary had decided not to refer the proposed acquisition by BP to the Monopolies Commission, thereby leaving only the issue of the Goverment's golden share to prevent BP from gaining effective management and financial control of Britoil.

Bidders **BP** also came to life and moved up to 261p before settling a net 2½ up at 260p with the partly-paid ½ up at 77½p following the statement by the Government of the State of Kuwait had increased its stake in BP to 18.91 per cent of BP's issued capital following the purchase of a further 2m partly paid shares. Turnover in BP old was 6.7m while business in the partly-paid totalled 5.6m. Dealers also reported substantial "straddling" business by fund managers who, by buying Britoil and accepting the BP share alternative offer, become entitled to the BP interim dividend of 8p expected this month.

The long-drawn out **Tricentrol** takeover battle drew to a close as another foray into the market by Arco's broker's Warburg Securities saw the former's shareholding move smoothly through the crucial 50 per cent level to 54.5 per cent, thereby giving effective control to the US oil group, which on Wednesday afternoon launched a 200p agreed offer for Tricentrol. Turnover in Tricentrol was 10m shares.

Other oil exploration and production stocks – given a major boost by the Britoil and Tricentrol bid situations – were mixed. **Burmah**, 7 higher at 490p, **Calor Group**, 22 up at 576p and **Premier** 3½p better at 69½p, progressed amid stories that further takeover activity could be imminent. **Ultramar**, where Sir Ron Brierley holds a near 13 per cent stake, jumped 8 to 244p on a turnover of 3.2m shares.

But **Enterprise Oil** suffered from profit-taking and dipped 7 to 300p while **LASMO**, where the market has pinned its hopes on a bid from mining group RTZ, fell 6 to 313p, as market-makers and analysts in the oil sector began to advise clients to lighten their exposure to the sector after the prolonged and sharp rises in share prices since the spate of takeover activity.

Dee Corporation, Britain's third-largest grocery group which incorporates the Gateway supermarket business, dipped to 178p prior to closing a net 9 down at 185p on a turnover of 24m shares as **Barker and Dobson**, the much smaller food retailing group, declined to revise or increase its contested bid for the company.

B & D's decision follows a study of Dee's "disappointing profit forecast". Barker and Dobson remain confident that its original offer can win the day, but analysts are unanimous in thinking that the current bid will fail as doubts remain over the worth of B & D paper and whether Barker and Dobson could dispose of Dee's non-core activities to concentrate on the supermarket business.

Scottish and Newcastle enlivened interest in an otherwise drab session in the Brewery market. Persistent buying, including demand for "new-time", accompanied by talk of stake building by Sir Ron Brierley and by rumours of a possible bid from a major UK leisure company prompted the activity.

Some 4.1m shares changed hands with Scottish and Newcastle closing 6 higher at 227p, after touching 229p at on stage.

The clearing banks moved narrowly in a generally thin trade with sentiment said to have been mildly unsettled by the latest job losses in the securities industries.

But **Lloyds** edged up 3 to 261p and **NatWest** added 4 at 602p. In Merchant banks **Morgan Grenfell** slipped 3 to 275p and **SG Warburg** eased a fraction to 332p.

Union Discount provided one of the best features in financials with the shares adding a further 7 at 850p in the wake of favourable comment on the better-than-expected preliminary results and scrip issue.

Insurances were much quieter and tended to consolidate after the sharp falls earlier in the week induced by news that the building societies are to be allowed to expand their activities in financial services.

Leading Building shares edged forward anticipating a bullish review of the sector by the Federation of Civil Engineering Contractors. **Barratt Developments** added a couple of pence to 187p and **George Wimpey** firmed 3 to 247p. **Taylor Woodrow** were a shade dearer at 393p. Elsewhere, **Ward Holdings** revived strongly and rose 7 to 176p mainly reflecting buying from one source, while **Walter Lawrence** gained 10 to 127p following a lunch with brokers Gilbert Elliott. New-time buying boosted **Trent Holdings** 16 to 135p, while further demand in a restricted market lifted **Fairbriar** 7 more to 262p, a two-day rise of 27. **Magnet**, the sector's current takeover favourite, gained 7 more to 259p on speculation of a bid from either Williams Holdings or Ward White. **Tilbury Group** improved 5 to 295p following details of its Invicta Park development plans; the company proposes a business and leisure development on a 150 acre site at Ashford in Kent.

Midlands-based waste disposal group **Leigh Interests** came under selling pressure late in the session and settled 6 lower at 187p.

Alfred Preedy, the newsagents group, surged ahead to 149p early in the session amid growing takeover speculation but later ran back sharply to close only 5 harder at 139p. The late decline followed an announcement from the company that although "tentative approaches have recently been made to the company" the directors "do not believe any will lead to an offer being made for the company".

Front-line electronics and electrical stocks were again actively traded with **GEC** attracting a turnover of 10m shares before closing unaltered at 155p; talk that the group could possibly lose a substantial US Navy contract was shrugged aside by dealers and analysts who pointed to recent US buying interest in the shares.

More than 9m **Telecom** shares changed hands with buyers getting the upper hand and boosting the stock 2 to 241p amid talk of a stock shortage. **Ferranti**, where turnover topped 7m shares, moved up 3½ to 80½p in the wake of heavy buying by at least three major securities houses. Another bout of general buying interest lifted **Amstrad** 5 to 143p. **Cable & Wireless** initially dropped to 344p after an erroneously transmitted trade of 1m – it should have read 1,000 shares – and C & W later rallied to close a penny up at 350p.

Suppliers to the motor industry were unsettled by the rejection of the Ford Motor pay offer with **GKN** easing 5 to 307p and **Lucas** 6 to 603p. Elsewhere, renewed speculative activity left **Hopkinsons** up 9 more at 113p, but **Weir Group**, bought over the last couple of days on bids hopes, ran into profit-taking and reacted 5 to 215p. **Aerospace Engineering**, down a couple of pence more at 116p, continued to drift lower in the wake of the half-year figures.

A mildly bullish AGM statement failed to sustain **Tate and Lyle** which drifted off to close 7 cheaper at 791p. **Kwik Save**, which enjoyed a speculative run earlier in the week, came back 6 to 314p and **Ranks Hovis McDougall** gave up a similar amount at 323p. On the other hand, buyers returned for **Northern Foods** which spurted 5 to 270p.

Interest in the major internationals centred on a handful of stocks. **Pilkington** came to life in the wake of a buy recommendation from Barclays de Zoete Wedd, the investment house. Down to 220p initially, Pilkington closed a penny better on balance at 225p in a volume of some 3.5m shares. Among the Pharmaceutical issues, **Beecham** still benefiting from the encouraging prospects for its heart drug Eminase, advanced afresh in a lively trade (2.2m shares) to finish 7 higher at 474p. Eminase is currently undergoing a study in Europe which may lead to the drug being used as a first line treatment before the patient reaches hospital. **Wellcome** took a turn for the better at 408p, up 8, as the market shrugged aside speculation of a possible placing by the Welcome Trust and took note of favourable reports on trials of Retrovir in the Netherlands.

Rank Organisation returned at to prominence at 633p, up 17, after the recent strong run on the preliminary figures. In a review of the company Morgan Grenfell (MG), the investment house, are looking for further earnings growth of around 16 per cent cent in 1987/8. On recommending purchases of Rank Organisation, MG also point out that the above average and safe yield limits the downside risk. **Norcros**, regarded in some City quarters as vulnerable to a bid, met with speculative interest and put on 13 to 406p Better-than-expected preliminary figures left **TSL group** 15 to the good at 88p.

USM quoted **Aspen Communications**, a current Wood Mackenzie buy recommendation, were noteworthy for a rise of 22 at 400p.

Properties opened cautiously in the wake of Wall Street's fall overnight with losses of a few pence. However, confidence gradually returned and the leaders finished with modest gains on balance. **Land Securities** closed a penny dearer at 480p, after 478p, while **MEPC** finished 2 up at 460p. **Hammerson A** firmed 6 to 526p helped by new time buying, while **Peachey** added 3 to 398p. Elsewhere, **Egerton Trust** attracted support ahead of the annual results due next Wednesday and rose 10 to 165p. Dealings in **Phoenix Property** were suspended at 149p, up 7, pending an announcement.

Financials were featured by a fall of 8 to 140p in **Framlington** in the wake of lower half-yearly profits. The figures were seriously affected by the October crash and include a loss incurred on the launch of the Framlington Smaller Companies Trust. Other fund management groups were inclined easier in sympathy with **Britannia Arrow** easing 6 to 98p and **Tyndall** 4 to 144p.

Drayton Japan stood out in Trusts, rising 34 to 865p in response to the results and proposed reorganisation aimed at reducing and eliminating the discount to underlying assets.

Traded option activity was at a low ebb with just 15,855 contracts registered. Calls totalled 10,055 and puts came out at 5,800. The **FTSE** contract attracted 588 calls and 1,183 puts. **Britoil** calls amounted to 329 with puts at 1,191.

FINANCIAL TIMES STOCK INDICES

	Feb. 4	Feb. 3	Feb. 2	Feb. 1	Jan. 29	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	89.25	89.50	89.35	89.17	89.72	85.80	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.74	95.79	95.69	95.38	95.36	92.51	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1410.9	1413.2	1420.1	1423.1	1435.7	1486.2	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	241.7	253.1	257.3	252.8	261.5	311.9	497.5 (4/8/87)	261.6 (6/11/87)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.43	4.42	4.39	4.38	4.34	3.79				
Earnings Yld. %(full)	11.18	11.16	11.09	11.06	10.98	8.90				
P/E Ratio (net)(*)	10.93	10.95	11.02	11.06	11.14	13.76				
SEAQ Bargains (5pm)	22,715	23,648	24,230	27,907	26,287	38,400				
Equity Turnover (£m)	-	961.61	1012.51	966.26	1140.28	1390.06				
Equity Bargains	-	26,200	28,548	38,935	27,152	48,518				
Shares Traded (ml)	-	382.1	368.0	381.5	437.7	586.5				

S.E ACTIVITY

Indices	Feb.3	Feb.2
Gilt Edged Bargains	145.4	153.4
Equity Bargains	169.8	185.0
Equity Value	1943.7	2046.5
5-Day average		
Gilt Edged Bargains	171.8	175.1
Equity Bargains	189.6	184.8
Equity Value	2227.1	2190.6

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1405.6	1413.1	1407.3	1410.8	1412.7	1412.6	1413.0	1411.6

Day's High 1413.5 Day's low 1405.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.84.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

Traditional Options

- First dealings Feb 1
- Last dealings Feb 12
- Last declarations May 5
- For Settlement May 16

For rate indications see end of London Share Service

Interest in the Traditional option market remained at a reasonable level. Stocks dealt in for the call included **Norfolk Capital**, **Bio-Isolates**, **Rutland**, **PML**, **Far Eastern Resources**, **Attwoods**, **Cambridge Resources**, **Control Securities**, **Regentcrest**, **Avis Europe** and **Dares Estates**. A put was arranged in **Rotaprint**, while double options were transacted in **British and Commonwealth**, **Plessey** and **Rotaprint**.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (4).

INDUSTRIALS (1) Eurotunnel Warrants, INSURANCE (1) Minet Hldgs., TRUSTS (1) TR Pacific Inv Tst., OILS (1) Britoil.

NEW LOWS (49).

CANADIANS (1) Nevada Goldfields, ELECTRICALS (5) Applied Holographics Warrants, Ealing Electro, ITL Information Tech., Murray Tech. Invs., Norsk Data "A", FOODS (1) Matthews (B.), INDUSTRIALS (2) Optical & Medical Intl., Reliance Securities, INSURANCES (1) Utd Friendly "B", LEISURE (1) Zetters Leisure, TRUSTS (1) Claytor Robard, PLANTATIONS (1) Utd Plants Africa, MINES (36).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	106	8
Corporations, Dominion and Foreign Bonds	1	20	32
Industrials	337	467	754
Financial and Properties	132	178	327
Oils	29	31	52
Plantations	1	0	9
Mines	23	92	82
Others	59	88	112
Totals	584	985	1,376

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday February 4 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Wed Feb 3 Index No.	Tue Feb 2 Index No.	Mon Feb 1 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	741.66	+0.1	9.72	3.92	12.90	1.05	740.90	741.92	740.11	785.72
2	Building Materials (30)	991.64	+0.3	9.89	3.80	12.57	0.43	988.60	989.04	985.43	968.25
3	Contracting, Construction (34)	1483.95	+0.3	9.04	3.35	14.68	0.38	1479.63	1479.27	1480.28	1355.97
4	Electricals (12)	2040.47	-0.1	9.14	4.74	14.17	0.00	2042.74	2056.04	2068.36	1950.59
5	Electronics (32)	1488.14	+0.4	10.86	3.55	12.01	6.09	1482.68	1486.08	1486.65	1745.83
6	Mechanical Engineering (57)	387.13	-0.5	9.65	4.32	13.08	0.19	388.89	390.00	388.19	444.76
8	Metals and Metal Forming (7)	442.50	+0.1	9.73	3.79	12.40	0.00	441.97	444.78	439.92	409.70
9	Motors (13)	276.72	-0.5	10.96	4.20	10.62	0.00	278.25	277.95	277.62	313.94
10	Other Industrial Materials (24)	1246.54	+0.3	8.36	4.17	14.20	2.67	1243.14	1242.64	1236.38	1313.15
21	CONSUMER GROUP (184)	1036.26	-0.3	8.57	3.54	14.89	0.62	1038.94	1044.63	1043.63	1070.49
22	Brewers and Distillers (21)	983.18	+0.1	11.27	4.01	11.21	0.02	982.81	987.06	989.09	1005.75
25	Food Manufacturing (23)	849.56	-0.3	9.00	3.80	14.37	1.06	852.88	855.41	858.08	817.20
26	Food Retailing (16)	2062.48	-1.3	7.73	3.08	17.41	4.19	2088.61	2080.33	2069.36	1981.11
27	Health and Household Products (10)	1786.30	+0.1	6.58	2.52	18.14	0.03	1784.71	1802.62	1815.80	2009.32
29	Leisure (31)	1201.57	-0.3	7.66	3.92	16.25	0.00	1204.65	1211.05	1208.11	1188.62
31	Packaging & Paper (16)	501.48	+0.3	8.52	3.66	15.43	0.46	500.16	500.63	500.75	572.15
32	Publishing & Printing (16)	3474.13	+0.2	6.56	4.25	19.16	4.11	3467.47	3503.21	3493.93	3333.05
34	Stores (34)	831.94	-0.4	9.17	3.69	14.62	0.25	835.13	842.18	834.21	914.98
35	Textiles (17)	578.01	-0.4	11.35	4.05	10.17	0.00	580.60	582.67	579.91	640.75
40	OTHER GROUPS (92)	870.88	+0.1	10.57	4.25	11.80	0.57	870.28	873.23	874.42	921.13
41	Agencies (19)	1088.26	-1.4	6.70	2.23	19.13	0.61	1103.17	1100.75	1099.18	1244.23
42	Chemicals (20)	1037.06	-0.2	9.87	4.52	12.44	3.22	1039.08	1046.64	1054.59	1249.51
43	Conglomerates (13)	1153.31	——	10.39	4.59	11.20	0.00	1153.42	1157.97	1171.54	1166.98
45	Shipping and Transport (11)	1856.45	+0.2	9.00	4.42	14.55	0.00	1853.41	1856.66	1859.23	1764.72
47	Telephone Networks (2)	943.60	+0.7	11.41	4.48	11.67	0.00	936.78	937.85	931.06	941.66
48	Miscellaneous (27)	1165.85	——	12.93	4.06	9.22	0.16	1165.98	1172.79	1171.59	1219.15
49	INDUSTRIAL GROUP (485)	925.43	-0.1	9.41	3.83	13.39	0.76	926.13	929.70	929.85	968.20
51	Oil & Gas (15)	1774.47	+0.5	9.37	5.54	13.17	0.00	1765.51	1764.45	1782.99	1661.40
59	500 SHARE INDEX (500)	997.41	——	9.41	4.09	13.36	0.70	997.28	1000.46	1001.44	1026.78
61	FINANCIAL GROUP (124)	658.61	——	-	4.79	-	0.21	658.60	661.91	663.52	654.80
62	Banks (8)	676.46	+0.3	19.57	5.81	6.75	0.00	674.54	677.24	670.68	719.94
65	Insurance (Life) (8)	970.72	-0.3	-	4.74	-	0.00	973.74	985.10	1010.22	930.88
66	Insurance (Composite) (7)	505.07	-0.4	-	5.45	-	0.00	507.11	512.05	517.70	509.09
67	Insurance (Brokers) (8)	907.63	——	12.28	6.33	10.42	0.00	908.06	902.86	895.83	1186.91
68	Merchant Banks (11)	346.36	-0.2	-	4.12	-	0.00	347.08	348.75	351.03	369.41
69	Property (52)	1022.96	+0.3	5.18	3.00	24.65	0.32	1019.72	1022.56	1021.89	832.37
70	Other Financial (30)	387.08	-0.5	9.81	4.38	12.86	1.10	389.08	389.37	391.26	405.92
71	Investment Trusts (86)	844.58	-0.3	-	3.04	-	0.81	846.69	848.77	850.74	926.54
81	Mining Finance (2)	412.79	-1.2	11.01	4.13	10.23	0.00	417.88	420.90	419.49	375.70
91	Overseas Traders (8)	1022.46	-0.6	10.18	5.28	11.63	0.00	1029.06	1031.35	1031.51	832.22
99	ALL-SHARE INDEX (720)	905.88	——	-	4.17	-	0.57	906.07	909.22	910.31	926.51

	Index No.	Day's Change	Day's High	Day's Low	Feb 3	Feb 2	Feb 1	Jan 29	Jan 28	Year ago
FT-SE 100 SHARE INDEX ♦	1766.9	+0.6	1769.5	1758.0	1766.3	1774.4	1776.9	1798.8	1783.9	1866.1

FIXED INTEREST

	PRICE INDICES	Thu Feb 4	Day's change %	Wed Feb 3	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.82	-0.12	122.96	-	1.08
2	5-15 years	139.46	-0.41	140.04	-	1.31
3	Over 15 years	148.99	-0.46	149.68	-	0.58
4	Irredeemables	164.94	-0.47	165.72	-	0.00
5	All stocks	136.52	-0.33	136.97	-	1.11
	Index-Linked					
6	5 years	124.88	-0.05	124.94	-	0.00
7	Over 5 years	116.14	+0.07	116.05	-	0.36
8	All stocks	116.69	+0.06	116.62	-	0.33
9	Debentures & Loans	118.18	-0.23	118.45	-	0.63
10	Preference	86.66	———	86.66	-	0.33

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 4	Wed Feb 3	Year ago (approx.)
	British Government				
1	Low	5 years	8.89	8.83	9.24
2	Coupons	15 years	9.28	9.22	9.75
3		25 years	9.20	9.15	9.76
4	Medium	5 years	9.46	9.38	10.21
5	Coupons	15 years	9.49	9.43	10.00
6		25 years	9.35	9.31	9.84
7	High	5 years	9.55	9.47	10.26
8	Coupons	15 years	9.63	9.57	10.16
9		25 years	9.37	9.32	9.86
10	Irredeemables	†	9.24	9.19	9.69
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.42	2.40	3.26
12	Inflation rate 5%	Over 5 yrs.	3.89	3.90	3.70
13	Inflation rate 10%	5 yrs.	1.49	1.46	1.70
14	Inflation rate 10%	Over 5 yrs.	3.73	3.73	3.55
15	Debs &	5 years	10.85	10.83	10.74
16	Loans	15 years	10.80	10.77	10.86
17		25 years	10.80	10.77	10.87
18	Preference	†	10.50	10.50	11.26

♦Opening index 1758.1; 10 am 1766.9; 11 am 1763.6; Noon 1767.8; 1 pm 1768.7; 2 pm 1768.9; 3 pm 1768.5; 3.30 pm 1768.9; 4 pm 1767.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

February 4 Total Contracts 15,855 Calls 10,055 Puts 5,800

FT-SE Index Calls 588 Puts 1,183

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§71½	F.P.	-	73	70	Assoc. Henriques 5p	70		M2.5	-	4.9	-
§72	F.P.	-	78	70	Atlantic Securities 5p	78		-	-	-	-
330	120	-	92	70½	British Petroleum	77½	+1	N12.5	1.5	6.0	14.3
§120	F.P.	-	145	131	‡Carron Phoenix 10p	145		R3.5	2.7	3.3	15.1
§100	F.P.	-	113	100	‡Hatfield Estates 10p	113	+1	R1.5	10.2	1.8	7.4
52	F.P.	-	68	62	In Shops 5p	67		R1.3	2.6	2.6	16.9
85	F.P.	15/1	100	93	Intl. Colour	98		L1.0	7.4	1.4	13.2
†	F.P.	12/2	41	35½	‡Kunick 10p	35½	-1	1.0	2.4	3.9	14.1
†	F.P.	-	38	27	*Norton Group 5p	28		-	-	-	-
§18	F.P.	23/12	26	19	‡Pathfinders Grp. 5p	24		b0.29	3.9	1.6	21.8
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	116		R5.25	2.0	6.2	10.9
§130	F.P.	-	138	131	TGI Group 1p	131		R4.75	3.0	5.0	9.3
§80	F.P.	-	90	85	‡Triton 5p	85	-1	a2.35	2.7	3.8	13.4
§70	F.P.	-	73	58	‡Trevian Hldgs. 10p	58	-3	R2.0	4.6	4.7	6.3
††	F.P.	-	23	18	Verson Intl. 10p	18½	+½	b0.33	2.7	2.4	16.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
-	-	-	110	90½	Ansbacher(H.)9pc.Cnv.Sub.Ln.1998	102½	
-	F.P.	-	132p	123p	Blue Circle 7¾pc Cnv Cum.Red.Pref.	129p	-1
§91.54	£50	11/2	51¼	48¼	Brit.&Comm. 10½pc.Un.Ln.2012	50⅝	-¼
100	F.P.	-	112p	106p	‡Citygrove 7¾pc. Cum.Cnv.Red.Prf.£1	112p	
‡	F.P.	-	130p	113p	Granada 7.5p Cnv.Prf.	129p	+1
100p	Nil	-	13ppm	10ppm	Grt. Prtlnd. Est. 9½pc.Cv.Uns.Ln 2020	13ppm	+1
100	F.P.-		114	108	Morgan Crucible 7.5pc Net.Cv.Cm.Rd.Pf	116	+1
-	F.P.	-	100⅛	99½	N'wide Anglia 9⅛pc 28.11.88	99⅝	
-	F.P.	-	100⅜	99⅝	Do. 9¾pc 28.12.88	100⅜	
-	F.P.	-	100¼	100	Do. 9⅞pc 23.1.89	100¼	
165p	Nil	2/3	187p	170p	‡Sharpe & Law 8½pc.Cm.Rd.Pf 10p	170p	
100p	F.P.	-	115p	100p	‡Wiltshire Fixed Rate Cnv Cum.Red.Prf	113p	

RIGHTS OFFERS

Issue Price	Amount Paid	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

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WORLD STOCK MARKETS

[illegible]

CANADA

TORONTO
Closing prices February 4

[illegible]

Sales	Stock	High	Low	Close	Chng
317952	Sears Can	$10	9⅝	9⅞	+⅜
3601	Shell Can	$37¼	36⅝	37¼	+⅜
4000	Sherritt	$5¼	5¼	5¼	
27250	Southam	$16½	16⅛	16⅛	−⅛
525	Spar Aero 1	$16	16	16	−⅛
33450	Steinbg A f	$41¼	40½	40½	−¼
85406	Stelco A	$20⅛	19¾	19⅞	−⅛
58920	Teck B f	$13½	13	13½	+½
12646	Terra Mn	89	80	85	
3275	Texaco Can	$31	30⅝	31	
15125	Thom N A	$27	26½	27	+⅜
79030	Tor Dm Bk	$26⅝	26¼	26½	−⅛
1227	Tor Sun	$21¼	21	21⅛	−⅜
3550	Torstar B f	$24¾	24½	24½	−¼
1250	Total Pet	$17¾	17¾	17¾	
200	Trns Mt	$11	11	11	−⅛
105094	TrCan PL	$13¾	13½	13⅝	
4200	Trilon A	$14⅞	14⅝	14⅞	−⅛
2440	Trimac	320	310	320	+15
5500	Trinity Res	41	41	41	−2
10936	Trizec A f	$24¾	24⅝	24⅝	−⅛
6122	Trizec B	$26	26	26	−1
14777	Ulster P	194	190	190	−5
3200	Un Carbid	$14¾	14½	14¾	+¼
2646	U Entprise	$8¾	8⅝	8¾	+⅛
573	Un Corp	$37½	37½	37½	
1200	Vulcan Pac	185	175	185	+9
600	Wajax A	$10	10	10	
12462	Wcoast T	$16⅞	16¾	16⅞	+⅛
4000	Westmin	$9⅛	9	9⅛	+⅛
3810	Weston	$30¾	30¼	30¾	−¼
6430	Woodwd A	470	450	450	−20

f—No voting rights or restricted voting rights.

MONTREAL
Closing prices February 4

Sales	Stock	High	Low	Close	Chng
30181	Bank Mont	$26	25⅞	26	
3803	BombrdrA	$08⅜	08¼	08⅜	−⅛
82950	BombrdrB	$08⅜	08¼	08⅜	+⅛
2000	CB Pak	$16¾	16¾	16¾	+¼
5876	Cascades	$06¼	06⅛	06⅛	
10408	ConBath	$16¾	16¼	16¾	−½
6484	DomTxtA	$15⅝	15¼	15½	
10575	MnlTrst	$12½	12⅜	12½	+⅛
131742	NatBk Cda	$10¼	10	10	−⅛
20144	Noverco	$11⅜	11⅛	11¼	
23136	Power Corp	$12⅝	12⅜	12½	
63169	Provigo	$09½	09¼	09½	+⅛
1100	Repap Entr	$11½	11⅜	11⅜	−⅛
63399	Royal Bank	$27	26⅝	26¾	−¼
13535	SteinbrgA	$41¼	40¼	40½	−¼
17435	Videotron	$09¾	09¼	09½	

Total Sales 5,518,713 shares

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 39

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Stock	Sales (Hnds)	High	Low	Last	Chng
Reginas	14 34	15¼	14½	15	
RegIBc .08e	8 500	14⅝	14⅜	14⅝	+⅛
Replgn	58	9	8¾	8⅞	+⅛
RepAm .24	11 240	14⅜	14¼	14⅜	
ReutrH .98e	2125	53⅝	52¾	53	−¼
Rexon	9 116	6	5¾	6	
ReyRy .76	7 363	18	17½	17⅝	−⅜
RhonPl	24	24	d23¾	24	
Riblim	452	4½	4⅛	4½	+¼
RchmHl.10e	1173	20⅛	19⅞	20⅛	+⅛
RiggsNt1.10	325 36	23	22¼	22¾	+¼
RoadSv1.10	24 1418	30½	30	30	−½
Sonora	312	5¼	5	5	
SoundW	16 129	10¾	10½	10½	
SCarNt .56	8 332	20⅜	20⅛	20⅛	−⅛
Sounet	85 111	14½	14	14½	+½
SohldSv	324	18¼	18	18⅛	
Soutrst .88	8 175	19½	19¼	19½	
Sovran 1.44	10 713	36¼	35⅞	36⅛	+⅛
Spartcs	8 1	6¾	6¾	6¾	+⅜
Standys .92	19 503	54⅝	54¼	54⅝	+⅛
StdMic	3079	6⅛	5½	6	−1⅛
StdRegs .44	17 685	22	21⅛	21¼	−¼
StrptSv1.43t	15	13	13	13	−½
UnHi	8 288	17⅛	16⅞	17	
UnPlntr .60	15 226	22¼	21½	21½	−¼
UnSplC	19 13	23	23	23	
UACm .04	40 1897	25¾	25¼	25¾	+¼
UBCol	25 784	17	16¼	16⅜	−½
UHltCr	152	4¾	4½	4 9-16	+1-16
UtdSvrs .72	4 139	15	14¾	14¾	−¼
USBcp .80	9 1035	24⅜	23⅞	24¼	+⅜
US HltC .16	197 7026	8⅛	7 13-16	7⅞	+⅛
USTrst 1.16	12 113	40¾	40	40	−¼
UStatn .28	17 77	18	17¾	18	+½
UnTelev	71 634	25	24	24	−½
Wyse	9 3754	17⅝	16⅞	17⅜	+⅜
XOMA	673	11	10⅜	10½	−½
Xicor	22 3569	7⅜	7⅛	7⅛	−¼
Xidex	1127	7⅛	6¾	7⅛	+¼
Xylogic	9 6	9½	9¼	9¼	−¼
Xyvsn	93 201	4⅝	4⅜	4⅝	+⅛
YlowFs .62	20 759	28⅝	28⅛	28¼	+⅛
ZionUt 1.44	175	24¾	24	24¾	+½
Zondvn	138	8⅝	8½	8½	
Zycad	136	4	3⅞	4	
UnvFrs 03e	11 1165	13¼	12¾	12¾	
UnvHlt .33e	43 343	4¾	4⅝	4¾	
UnvMed.30e	10 291	5 1-16	4⅞	4 15-16	

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Amstrad	143	+	5
Beecham	474	+	7
Bristol	496	+	18
Burmah Oil	490	+	7
Calor Group	577	+	23
Drayton Japan	865	+	37
Egerton Trust	165	+	10
Lawrence (W.)	127	+	10
Magnet	259	+	7
Rank Org	633	+	17
Scottish & Newcastle	257	+	6
Trent Hldgs.	135	+	16
Ultramar	244	+	8

FALLS

Treas 8% 2002-06	588⁄₁₆	−	⅝
Dee Corp.	185	−	9
Enterprise Oil	300	−	7
Framlington Grp.	140	−	8
LASMO	313	−	6

TOKYO - Most Active Stocks
Thursday February 4 1988

	Stocks Traded	Closing Prices	Change on day
Sumitomo Heavy Ind	46.97m	564	+14
Sanyo-Kokusaku Pulp	20.95m	772	+20
Toshiba	20.55m	730	+14
Sanyo Elec	13.60m	505	+15
Niigata Eng	9.59m	405	+3
Toa Steel	9.49m	518	-
Kawasaki Steel	9.11m	336	+50
Tokyo Corp	8.44m	1,380	+30
Ishikawajima-Harima Heavy Ind	6.14m	668	-
Nihon Cement	6.12m	790	+26

N. AMERICAN QUARTERLY RESULTS

AMFAC
Food processing, distribution, hotels

Fourth quarter	1987 $	1986 $
Revenues	592.8m	532.4m
Net income	#10.8m	#43.9m
Net per share	#0.73	#2.81
Year		
Revenues	2.2bn	1.96bn
Net income	5.02m	#66.6m
Net per share	0.04	#4.24

GREAT NORTHERN NEKOOSA
Forest products

Fourth quarter	1987 $	1986 $
Revenues	782.6m	534.8m
Net income	56.7m	37.1m
Net per share	1.04	0.69
Year		
Revenues	2.59bn	2.04bn
Net income	200.6m	*85.3m
Net per share	3.68	1.60

* Includes $21.2m charge

KERR-MCGEE
Energy, resources

Fourth quarter	1987 $	1986 $
Revenues	641m	589m
Net income	14.7m	8.8m
Net per share	0.30	0.18
Year		
Revenues	2.61bn	2.54bn
Net income	81m	#291.7m
Net per share	1.67	#6.01

Loss after charges of $315m

MACMILLAN
Publishing

Year	1987 $	1986 $
Revenues	955.8m	817.8m
Op net income	70.7m	57.6m
Op net p/shr	2.74*	2.39

* Adjusted for 5% stock dividend paid on December 31. 1986 net excludes $1.9m extraordinary gain

SOUTHERN
Utility

Fourth quarter	1987 $	1986 $
Revenues	1.61bn	1.6bn
Net income	69.7m	181.1m
Net per share	0.24	0.64
Year		
Revenues	7.01bn	6.85bn
Net income	*554.4m	882.9m
Net per share	1.92	3.17

* Includes $229m charge on nuclear project

USF&G
Insurance holding company

Fourth quarter	1987 $	1986 $
Revenues	1.36bn	1.18bn
Net income	86.9m	68.8m
Net per share	1.09	0.97
Year		
Revenues	4.83bn	4.34bn
Net income	372.8m	242.5m
Net per share	4.92	3.61

MOLSON COMPANIES
Brewing

Third quarter	1987 C$	1986 C$
Revenues	600.7m	572.3m
Net income	16.6m	14.7m
Net per share	0.51	0.47
Nine months		
Revenues	1.91bn	1.77bn
Net income	72.8m	52.2m
Net per share	2.22	1.66

PANHANDLE EASTERN
Gas distribution

Fourth quarter	1987 $	1986 $
Revenues	385.8m	572.8m
Op net income	35.9m	25.5m
Op net p/shr	0.67	0.49
Year		
Revenues	1.56bn	2.22bn
Op net income	109.7m	#353.5m
Op net p/shr	2.07	n.a

Loss

Indices

NEW YORK — DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
25⅝	14	AAR s	.36	1.9	17	871	19⅛	18¼	19	+1
32½	21	AFG s	.16	.7	10	246	24⅝	24	24¼	-¼
27	10½	AGS s			12	356	13⅞	13⅝	13⅝	-¼
10½	6⅞	AMCA			44	6⅛	d	6	6⅛	
9⅝	3¼	AM Intl			30	4680	4⅜	4⅛	4¼	+⅛
65½	28¾	AMR			11	3975	36⅝	35⅛	35½	-¼
25	19	ANR pf	2.12	10.		10	21¼	21¼	21¼	
12¼	6⅝	ARX s			8	35	8¼	8	8⅛	+⅛
73½	39½	ASA	2a	4.4		619	45⅝	44¾	45⅝	+½
22⅝	9½	AVX			17	218	13½	13⅛	13⅜	+¼
67	40	AbtLab	1	2.1	17	2628	47⅞	46¼	46⅞	-⅝
28	15⅞	Abitibi g				8	19⅝	19⅝	19⅝	-⅛
16¾	8½	AcmeC	.40	3.6		7	11⅛	11¼	11¼	
10½	6¾	AcmeE	.32b	3.8	23	16	8¾	8½	8½	-¼
20	14⅛	AdaEx	3.05e	19.		90	16	15¾	15⅞	-⅛
19½	6⅞	AdamM	.24	2.1	9	127	11⅝	11	11½	+⅝
24⅞	7½	AMD				4224	9⅞	9½	9⅝	+⅛
56¾	29¼	AMD pf	3	9.1		6	33	32½	33	+½
11⅞	4⅝	Adobe			10	581	6	5¾	5¾	-⅛
20½	16¼	Adob pf	1.84	11.		65	17⅛	17	17	-⅛
21⅞	17½	Adob pf	2.40	12.		8	20⅜	20¼	20¼	+⅛
15	6⅛	Advest	.12a	1.7	7	64	7	6⅞	6⅞	-⅛
62¼	43½	AetnLf	2.76	5.8	6	2690	48¾	47¼	47½	-1⅜
83½	41	AffilPub	.40	.7	9	678	56¼	55⅛	55⅛	-1⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NYSE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19⅞	9½	PepBy s	.08	.6	20	1130	13	12⅝	12⅞	−¾
42¼	25½	PepsiCo	.86	2.0	15	4984	34⅛	33¾	34⅛	+⅛
12¾	7⅝	PerkF	1.20e	12.	13	72	10⅜	10⅛	10⅜	
41⅛	18½	PerkEl	.60	2.4		2084	24¾	23¾	24⅝	+⅝
8⅛	5⅛	Prmian	.58e	9.9	12	219	6	5¾	5⅞	+⅛
10¼	6¾	PrLP	pr1.15	13.		210	9	8¾	9	+⅛
15⅜	5¼	PeryDr				148	6⅛	6	6⅛	
40	14¼	Petrie	.20	1.1	13	514	18¼	17¾	18	+¼
21¼	16⅝	PtPar	s 2	10.	13	547	19⅛	18½	19⅛	+⅜
33½	20½	PetRs	3.22e	13.		23	24⅜	24⅛	24⅜	
19¼	15	PetRs	pf1.57	9.4		2	16¾	16¾	16¾	+⅛
2⅛	¾	Prinv	.16e	14.		30	1¼	1⅛	1⅛	−⅛
77	40	Pfizer	2	3.9	13	4008	52⅜	51	51¾	
56	23½	PhelpD	.60	1.7	8	7258	36⅜	35	36¼	+1½
74	37	PhlpD	pf 3	5.7		1314	52¾	51¼	52¾	+1¾
25⅝	16¼	PhilaEl	2.20	11.	9	2800	20⅜	20	20¼	+⅛
49	36½	PhE	pfC4.40	11.		z500	40½	40½	40½	−½
87½	62¼	PhE	pfE 7	10.		z200	68	68	68	−½
106	86	PhE	pfS9.50	10.		z220	92½	91½	91½	−1
13¾	11	PhE	pfR1.41	12.		125	12¼	11⅞	11⅞	−¼
13	9⅞	PhE	pfP1.33	11.		38	11¾	11¾	11¾	−⅛
88⅜	65⅝	PhE	pfH7.85	11.		z1000	73½	73½	73½	
12⅞	9¾	PhE	pfO1.28	11.		63	11½	11⅜	11½	
120½	110	PhE	pfM15.25	13.		z100	114	114	114	+½
102½	79	PhE	pfK9.50	11.		z220	88	86½	88	+1½
88	64	PhE	pfJ7.80	10.		z300	76	74½	76	−1½
[illegible]										
30¾	15	Zurnin s	.88	3.0	15	145	23	22⅝	22⅝	−⅜
10⅝	7⅝	Zweig	1.08e	11.		341	9½	9⅜	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split, Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 37

AMERICA

Dow makes slight rise as regulation debate hots up

Wall Street

DAILY TRADING in the equity market is becoming no more than a sideshow to the intensifying debate about market regulation and securities industry strategy, *writes Janet Bush in New York.*

No one can give any convincing reasons for the day-to-day movements in the Dow Jones Industrial Average at the moment. It closed yesterday 1 point lower at 1,923.57. In the first three days this week, the index fell 13.59 points, rose 8.29 points and plunged 28.35 points respectively. Last week saw three daily gains and two daily falls.

Volume only rises to respectable levels when there is a large amount of takeover activity or when stocks are about to go ex-dividend, which gives traders a reason to play the market when very little else is providing a lead.

Every day the Dow musters a gain, analysts start talking of a more positive tone in the market. And every time they say it, the Dow quickly drops back again.

These are symptoms of a bear market. It is undramatic and difficult to make money in. As the Securities and Exchange Commission pointed out in its report earlier this week, the market is still suffering the after-effects of the crash last October. There is evidence of this in the various indicators of performance compiled by stock exchange specialists. While these have all shown improvement since the dark days of late October last year, they are still not back to normal.

Programme trading is still a major concern for specialists. Some top Wall Street executives were called into the New York Stock Exchange yesterday to discuss the matter and several said that the current NYSE-imposed limits on using the electronic Superdot system to execute programme trading were inadequate.

The curbs currently come into effect if the Dow rises or falls more than 75 points. This has not happened since the curbs were announced, but many believe this is not because of the stock exchange's limits.

The fate of programme trading adds a layer of uncertainty to an already directionless market. Investigations of some specialists' performance are another area of worry.

Moreover, the power battle is hotting up between the various regulatory bodies that oversee financial markets, so it is likely the stock market will move only in a narrow range with little activity by investors.

The bond market, which is hardly affected by the politics and practicalities of regulation, is trading in a more normal fashion. Yesterday prices continued to drop, partly to correct the substantial rally of last week but also because of what was generally regarded as the disappointing demand at Tuesday's auction of three year notes and Wednesday's Treasury sale of 10-year notes.

The focus on Thursday was on the last of this week's auctions, which will offer 30-year bonds. The Treasury's current benchmark 30-year bond issue stood ½ points lower in late trading yesterday to yield 8.43 per cent. The average yield at the auction was 8.51 per cent.

There was little reaction to news that initial claims for state unemployment insurance fell by 38,000 in the week ended January 23 after strong rises in previous weeks. Ms Maria Ramirez, economist with Drexel Burnham Lambert, noted that claims had fallen in five of the past seven years in the same January week. More crucial for the bond market will be today's unemployment figures.

A number of retailers announced January sales figures yesterday. F W Woolworth said its sales had risen 12.2 per cent in the four weeks ended January 30 compared with a year earlier, J C Penney saw sales increase 8.3 per cent in the same period and K Mart had a 6 per cent rise. Woolworth's share price rose $¼ to $40¼, J C Penney slipped $⅛ to $42 and K Mart dropped $⅝ to $30⅞.

Among companies reporting latest results were Chrysler, which had dropped $⅞ to $26⅛. The company reported increased net earnings in the fourth quarter of $1.57 compared with $1.48 a year earlier. Chrysler also announced its directors had voted to adopt a share purchase rights plan as a measure to defend itself against takeover.

Canada

THE MARKET was buoyed by advances in golds, energy issues and and base metals, helping Toronto stocks to close higher in mixed, moderately active trading.

The composite index, which had gained about 16 points in earlier trading, finished 12 points up at 3,000.7 as declines outpaced advances by 464 to 351 on volume of 28.6m shares.

Firmer bullion prices removed selling pressure from the golds, which were broadly higher, with Lac Minerals gaining C$⅜ to C$10¾, International Corona rising C$¼ to C$35¾ and Placer Dome moving ahead C$⅛ to C$14⅞.

Polysar Energy, which topped the list of most active industrials, rose C$⅞ to C$15⅛. Polysar said it would restructure the company.

SOUTH AFRICA

SELECTIVE buying by institutions and a slight recovery in the bullion price to above $440 left gold shares in Johannesburg firmer after a weak start.

Heavyweight Southvaal rose R3 to R118 after falling to R110 and Beatrix closed 75 cents higher at R13 after dropping to R12. Vaal Reefs rose R6 to R271 and Driefontein made up R1.75 to R31.75.

In mining houses, Anglos gained 35 cents to R45.25 and Gencor eased R1 to R42. Diamond share De Beers, which posted a series of falls, put on 50 cents to R24.25.

Hong Kong takes new look at settlements

By Gordon Cramb in London

THE YEAR of the Dragon, which begins this month, will bring the Hong Kong Stock Exchange the first outlines of a comprehensively overhauled settlement system which Mr Robert Fell, drafted in late last year as interim chief executive, sees as the most important element in restoring the market's bruised investor image.

In one way the issue has, for the moment, largely solved itself. With daily turnover down to as little as a tenth of the HK$5bn peaks seen last summer, the messenger infantries which traverse the territory each evening delivering scrip have had their ranks markedly depleted.

The level of business is back to the average for 1986, the year when the four old exchanges were made one, and a screen-based price system was introduced. That revamp left untouched the requirements for settling deals, carried out between brokers in the absence of any central clearing house.

Share certificates are meant to be delivered the following trading day, together with a transfer deed signed by the vendor, whose broker is responsible for making sure all this is done.

Six months ago, when share prices were rising unremittingly, the time limit was largely unobserved. However, the fracture of market confidence after Black Monday – which for Hong Kong included a four-day closure, the arrest of three senior exchange officials on corruption charges, and the launch of an inquiry into exchange workings – has re-emphasised the need for a system which promotes liquidity while protecting against defaults.

Mr Fell acknowledges that changes will be difficult to bring about if they are to please everyone. "The local brokers like same-day settlement because it ties the client in," he says. Large foreign institutions would be glad of a more convenient mechanism, on a rolling account of three to five days.

He wants to move to a depositary system where all scrip is held by a central authority on investors' behalf. It would be about two years before this was fully up and running, though, and work could not start in earnest until the findings of Mr Ian Hay Davison's special committee are made public, probably in May.

Mr Fell is anxious to find a temporary solution, the exact shape of which remains undecided, but may at least bring handover and payment to one central point. The ultimate model is likely to be the Talisman electronic system of which he was architect while at the London Stock Exchange: Mr Michael Baker, director for markets at the International Stock Exchange in London, visited Hong Kong last month and recommended that exchange authorities there should start monitoring immediately to forestall any future backlog.

A settlement project has been launched, carrying the status of a limited company, and may be the embryo from which a depositary will emerge. It is financed by the Hong Kong Stock Exchange and the territory's banks – which earn useful commissions from foreign investors through securities accounts which store their share certificates. Safe custody can cost up to HK$5,000 a year.

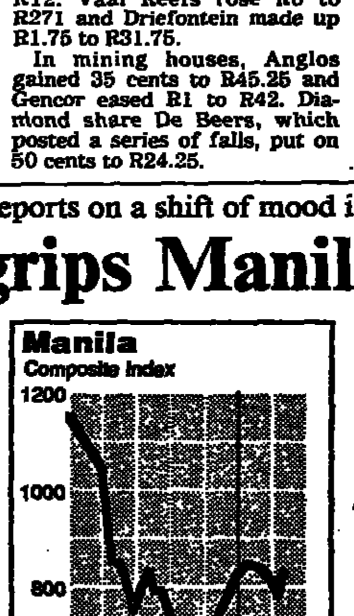
Hong Kong shares fell back on foreign selling and rumours that the US planned to pressurise Hong Kong to revalue its currency against the US dollar.

The Hang Seng index shed 59.15 to 2,295.31 in turnover worth HK$522m. Utilities and properties led falls.

Richard Gourlay reports on a shift of mood in the Philippines

Oil fever grips Manila markets

LIVELY INTEREST in mining stocks and daily drilling reports on a wildcat oil well have taken over from politics in the past three months as the driving force behind the Philippine stock markets.



The composite index on the Manila Stock Exchange yesterday closed 17 points higher at 838, having fallen to a year's low of 775 on Monday after a week of sliding prices. Volume, however, remained a low $4m on Manila's two exchanges.

Interest in the commercial index, which has been dull recently, was sparked by Anscor Corp announcing it would double its authorised capital to $49m and by a 6 peso rise to 124 pesos for San Miguel, the beer-based conglomerate. Despite many company reports of record 1987 sales, the sector has recently been eclipsed by interest in oil and mining.

Oils have dominated the market in excitement if not in volume. Drilling of a prospective oil well by Victoria Inc, a consortium of mainly Filipino companies, in Tarlac province north of Manila, is approaching a critical level of 13,200 feet.

Almost foot-by-foot reports on gas and temperature levels and a bullish estimate of reserves by the drilling company have lifted prices of Oriental Petroleum, the most heavily traded member of the consortium, by 30 per cent.

Some oil industry experts say seismic reports of the site last year showed the drilling is highly speculative while some brokers suggest prices are being talked up by interested stakeholders looking to recoup their prospecting costs.

The oils index rose to a high of 7.4 on January 22 on hopes of an oil strike before dipping and then rising again yesterday to 7.19.

Falling international gold and copper prices earlier this week dominated the mining sector, in which most trading has been concentrated this year. After falling in line with the metals, however, mining shares stabilised as copper recovered to over $1 per pound. Brokers said the sell-off had been overdone and that p/e ratios are still attractive, even with copper and gold at current levels.

The Manila mining index drifted 132 points lower to 5,100 yesterday, having hit a high of just over 5,900 on January 8.

Unlike late last year when such market fundamentals were almost sidelined, politics is now taking second place. Local elections last month reinforced a process of political stabilisation that began with the capture last December of a rebel colonel who led a coup that narrowly failed to topple President Corazon Aquino in August.

Brokers said the elections added another necesary pillar of support for the administration, after two years of local government by appointed officials, but that the markets were largely unaffected by their outcome.

Moreover, as the fallout from the October crash has driven many foreign fund managers back to their home markets, the dominance of local investors in the two Manila exchanges has grown. Filipinos have begun to react less directly to dips in the Dow Jones index, making the market more like the pre-October days when it was largely isolated from events in the outside world.

"The umbilical cord tying the local market to the Dow Jones is beginning to break," says Mr Chito Gonzales of brokers Anscor Haggerdorn.

Investors remain keenly aware, however, that a US recession would hit the Philippines particularly hard.

EUROPE

Firmer dollar lends limited support

THE FIRMER dollar lent only marginal support to European markets yesterday as confidence about the US currency's long-term prospects remained shaky. Many markets reacted to domestic factors, with Belgian and Italian shares showing the most dramatic fluctuations.

BRUSSELS continued to rise strongly and the session had to be extended by 45 minutes to deal with the heavy volume of trading. The cash market index gained 101.8 to a new 1988 high of 4,115.6.

Société Générale de Belgique attracted further heavy interest, rising BFr260, or over 7 per cent, to BFr3,850.

Local players reinvesting money raised from selling La Générale shares helped Petrofina to soar BFr1,190, or 12 per cent, to BFr10,800.

MILAN continued to be pulled lower by shares in the Ferruzzi-Montedison group and another crisis in the Government deepened the gloom. The Banca Commerciale Italiana index was down 5.36 at 431.48, with a sharper loss averted by a rally in blue chip industrials.

Montedison lost L52, or 4.8 per cent, to L1,010 and a key Ferruzzi holding company Silos Di Genova gave up L20 to L390, down 4.9 per cent. However, Iniziativa Meta, rose L100 or 1.2 per cent, to L8,410.

FRANKFURT saw a day of choppy, active trading with an early rally brought to an abrupt halt by heavy profit-taking leaving shares broadly mixed.

The Commerzbank index rose 23.5, or 1.9 per cent, to 1,273.1 but did not reflect the late sell-off.

News that unadjusted West German employment rose in January also dampened enthusiasm in the afternoon.

German bonds ended little changed. The Bundesbank bought sold DM33.8m of paper after selling DM101.3m on Wednesday.

ZURICH staged an upturn in moderate trading as the firmer dollar encouraged light buying. The Crédit Suisse index added 5.5 to 421.3.

Insurers were broadly higher and among industrials Georg Fischer climbed SFr46 to SFr740 and Oerlikon-Bührle, which expects to post a loss for 1987, gave up SFr5 to SFr830.

AMSTERDAM turned mixed as the market responded cautiously to the higher dollar. The ANP-CBS index dipped 0.6 to 219.9, largely influenced by Unilever's 30 cent loss to Fl 108.50 but other blue chips were higher. Akzo added 10 cents to Fl 89.90, and Royal Dutch rose 40 cents to Fl 213.40.

KLM, which posted a substantial rise in third quarter net profits, ended Fl 1.10 higher at Fl 30.

PARIS was supported by the firmer dollar and lively speculation over the possibility of further takeover bids. The CAC index rose 4.5 to 267.0 as most sectors advanced.

In banks, Financière de Suez climbed FFr18 to FFr254 on indications that it has been an active buyer of Société Générale de Belgique stock.

MADRID eased as modest losses in most sectors offset small gains by investment funds and steel companies. The general index slipped 0.64 to 245.67 in very quiet trading.

STOCKHOLM advanced as strong domestic liquidity and the firmer dollar boosted the market. The Affaersvaerlden general index rose 3.6 to 752.8 in moderate trade.

Forestry issues climbed but blue chip engineerings declined due to the continuation of a labour conflict which has cut production.

OSLO ended an uneventful session little changed. The all-share index inched up 0.36 to 254.24 in moderate volume. Oils recovered after recent falls but industrials continued to slide.

London

UK EQUITIES drifted aimlessly in sleepy trade as investors received no encouragement from Wall Street or domestic news. Prices edged modestly higher before slipping back.

At the close of the session, the FT-SE 100 Index was a net 0.6 higher at 1,766.9.

UK Gilts opened easier, and were showing falls of about ¼ before steadying

ASIA

Second-liners lead Nikkei higher

Tokyo

BROAD-BASED light buying and bargain-hunting lifted share prices in Tokyo yesterday and the Nikkei average closed higher for the first time in three sessions, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei rose 113.73 to close at 23,709.10 after moving between a day's low of 23,583.24 and a high of 23,775.90. Volume picked up to 559m shares from 475m on Wednesday and advances led declines by 500 to 415, with 126 issues unchanged.

Institutional investors remained cautious about the auction of 30-year US Treasury bonds later in the day.

Reflecting the overnight decline on Wall Street, the market started on a weak note, but rebounded on small-lot buying of second-line and speculative issues.

Sumitomo Heavy Industries headed the active list with 46.97m shares traded, and advanced Y14 to Y564 on renewed interest in its superconductor technology.

Financials were broadly higher with Sumitomo Bank and Fuji Bank firming Y50 each to Y3,640 and Y3,300 respectively and Tokio Marine and Fire Insurance putting on Y40 to Y1,940.

Active retail interest in the second section continued. The 443-share second section has climbed over the past 12 days as interest in the first section dwindled in the absence of market-moving news.

Sanyo-Kokusaku Pulp advanced Y20 to Y772 in lively trade and Sanyo Electric firmed Y15 to Y505 after reports it had developed an extremely thin superconductive film.

The yen's slide against the dollar prompted selective and light buying of steels and high-techs. Interest was dampened, however, by concern over the long-term outlook on the foreign exchange market. Nippon Steel gained Y6 to Y389, but Hitachi shed Y10 to Y1,220.

Toshiba was actively traded and gained Y14 to Y730 after surging Y21. The upturn followed a report that leaders of the House of Representatives had agreed a milder version of an omnibus trade bill provision seeking to penalise companies of the Toshiba group.

Bonds rallied on speculative buying after the Bank of Japan cut rates on one and three-month discount bills.

The yield on the bellwether 5.0 per cent government bond maturing in December 1997 plunged to 4.100 per cent from Wednesday's close of 4.130 per cent in block trading on the Tokyo Stock Exchange. It later slipped further to 4.095 per cent in inter-dealer trading.

Equities continued to advance on the Osaka Securities Exchange, with the OSE stock average adding 73.51 points to 23,186.09. Turnover rose by 12m shares to 96m.

Kinki Nippon Railway surged Y44 to Y960 on the strength of its reported involvement in a large development project.

Singapore

NERVOUS investors continued to liquidate their positions as the market opened on a weak note following Wall Street's overnight fall and a lower Hong Kong stock market. Light, selective buying, however, averted a steep decline.

The Straits Times industrial index fell 13.45 to 882.05 in thin turnover.

Among blue chips, Cold Storage fell 16 cents to S$3.60 and Malayan Breweries gave up 55 cents to S$8.50.

Australia

A FURTHER fall in the gold price and Wall Street's overnight decline sparked another round of selling in Sydney, dragging resource stocks sharply lower.

The All Ordinaries index dropped 26.1, or 2 per cent, to 1,222.1 and the gold index fell 109.2, or 6.8 per cent, to 1,480.8 in thin and nervous trading.

Metana plunged 80 cents to A$7.30, Renison dropped 50 cents to A$7.10, Niugini Mining 50 cents to A$3.50 and Western Mining 35 cents to A$4.26.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 3 1988					TUESDAY FEBRUARY 2 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	97.58	+0.7	81.85	91.16	4.97	96.90	81.17	90.54	180.81	85.36	103.10
Austria (16)	87.07	−0.5	73.03	76.23	2.75	87.50	73.29	76.61	102.87	85.53	95.91
Belgium (48)	107.62	+0.9	90.27	93.82	5.05	106.71	89.38	92.76	134.89	94.63	104.04
Canada (127)	107.06	−1.7	89.80	98.84	3.24	108.87	91.19	100.51	141.78	98.15	117.51
Denmark (38)	114.11	+0.3	95.71	100.10	2.96	113.75	95.28	99.71	124.83	98.18	122.86
Finland (23)	109.48	+1.3	91.84	93.98	1.81	108.12	90.56	93.03	–	–	–
France (123)	77.11	+2.5	64.68	68.86	4.33	75.24	63.03	66.98	121.82	72.77	109.00
West Germany (94)	69.59	+1.2	58.37	61.07	3.03	68.79	57.62	60.13	104.93	67.78	89.32
Hong Kong (46)	89.54	+2.0	75.10	89.67	5.87	87.78	73.52	87.89	158.68	73.92	103.77
Ireland (14)	112.74	−0.8	94.57	100.67	4.51	113.66	95.21	101.40	160.22	93.50	114.21
Italy (94)	65.69	−3.6	55.10	60.90	3.15	68.17	57.10	63.00	112.11	65.69	101.07
Japan (457)	148.43	−0.2	124.50	120.00	0.58	148.70	124.55	120.45	161.28	100.00	116.47
Malaysia (36)	115.69	+0.1	97.04	114.22	3.27	115.52	96.76	114.14	193.64	93.76	118.78
Mexico (14)	123.29	−0.6	103.42	305.79	1.16	124.01	103.87	307.24	422.59	90.07	119.67
Netherland (37)	97.68	+0.0	81.94	84.51	5.32	97.64	81.78	84.18	131.41	87.70	103.83
New Zealand (24)	69.26	−1.4	58.10	54.94	5.98	70.24	58.83	55.94	138.99	69.26	89.35
Norway (24)	100.46	−1.1	84.27	87.13	3.14	101.61	85.11	88.09	185.01	95.51	110.38
Singapore (26)	103.82	+1.2	87.08	96.59	2.51	102.58	85.93	95.70	174.28	81.21	108.78
South Africa (61)	118.16	−5.6	99.12	75.42	5.53	125.12	104.81	77.05	198.09	100.00	113.47
Spain (43)	134.90	−0.2	113.16	116.35	3.50	135.24	113.28	116.74	168.81	100.00	119.80
Sweden (34)	106.60	+1.1	89.42	95.36	2.62	105.45	88.33	94.29	136.64	88.50	96.82
Switzerland (53)	76.78	−1.1	64.40	65.67	2.53	77.63	65.03	66.03	111.11	73.65	100.62
United Kingdom (329)	129.17	−0.5	108.35	108.35	4.33	129.84	108.76	108.76	162.87	99.65	113.03
USA (587)	103.03	−1.3	86.42	103.03	3.65	104.40	87.44	104.40	137.42	91.21	115.30
Europe (970)	99.24	−0.2	83.25	85.63	3.98	99.40	83.26	85.58	130.02	92.25	105.07
Pacific Basin (682)	144.15	−0.1	120.92	117.64	0.81	144.33	120.90	118.01	158.77	100.00	115.42
Euro–Pacific (1652)	126.21	−0.1	105.86	104.87	1.81	126.38	105.86	105.07	143.65	100.00	111.29
North America (714)	103.24	−1.3	86.60	102.80	3.63	104.63	87.64	104.19	137.55	91.68	115.41
Europe Ex. UK (641)	80.72	+0.2	67.71	71.29	3.63	80.56	67.48	70.94	111.97	78.89	94.78
Pacific Ex. Japan (225)	92.65	+1.0	77.71	87.46	5.15	91.75	76.85	86.66	164.03	82.92	101.80
World Ex. US (1854)	125.47	−0.2	105.24	104.46	1.89	125.77	105.34	104.73	143.38	100.00	111.55
World Ex. UK (2112)	115.56	−0.6	96.94	103.47	2.28	116.28	97.39	104.14	138.82	100.00	113.02
World Ex. So. Af. (2380)	116.76	−0.6	97.94	104.13	2.46	117.42	98.36	104.76	139.47	100.00	113.02
World Ex. Japan (1984)	101.60	−0.9	85.22	95.87	3.82	102.52	85.87	96.63	134.22	92.98	111.38
The World Index (2441)	116.77	−0.6	97.95	103.93	2.48	117.48	98.40	104.57	139.73	100.00	113.02

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.